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Iran, Iraq Agree Not To Attack Civilians

By Jonathan C. Randal
Washington Post Service

KUWAIT — Iran and Iraq said Monday that they would respond positively to a call by Secretary-General Javier Pérez de Cuellar of the United Nations for a halt to attacks on civilians.

The attacks have caused more than 900 casualties in the past week alone.

President Ali Khamenei of Iran was quoted by Tehran radio as saying that Iran would agree "on the understanding that the Iraqi regime must completely abandon its criminal acts of bombing Iranian towns."

The Iraqi News Agency said the ruling Revolutionary Command Council had instructed the foreign minister to accept Mr. Pérez de Cuellar's appeal and to send a memorandum telling him of the Iraqi decision.

A Kuwaiti supertanker, meanwhile, came under air attack Sunday off the coast of Qatar, marking the first time a neutral ship has been hit in the lower Gulf. The attacking plane was presumed to be Iranian.

The UN secretary-general, citing heavy civilian casualties, had asked both nations to accept his proposal by Monday to stop all attacks on cities and towns by the end of the day.

There was no indication that either side was calling a halt to the fighting on the ground.

Abdul Fatah el-Badr, head of the Kuwait oil tanker company, said the 294,739-deadweight ton tanker Kazimah was hit in two oil storage sections. It said the fire had been extinguished and that none of the 27 crewmen was injured.

The tanker, returning to Kuwait with only ballast on board, was reportedly struck by rockets fired from an unidentified warplane. It was believed to have been an Iranian plane since Iraqi jets have not operated so far south in the Gulf.

The ship sent out distress signals. After the fires were extinguished, it headed for Bahrain for repairs, according to Gulf shipping sources.

The tanker was off the northern tip of Qatar in international waters at the time of the attack; this is far south of the Iraqi imposed war exclusion zone around Iran's Kharg Island.

The Kazimah is the third Kuwaiti tanker to have come under fire in a month. If it is confirmed that the warplane was Iranian, it would be the fifth time that Iran has attacked neutral ships in the Gulf in retaliation for similar Iraqi attacks since March against tankers traveling to and from the Iranian oil terminal on Kharg Island.

Iran has never formally admitted carrying out the raids. But it has not denied the reports either, and U.S. intelligence sources have confirmed them.

The Iranians have seemed to aim for Kuwaiti and Saudi ships, pre-

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The Associated Press

Prime Minister Margaret Thatcher reading the summit's final communiqué at the Guildhall. From left: Gaston Thorn, European Commission president, Yasuhiro Nakasone of Japan, Pierre Elliott Trudeau of Canada, Ronald Reagan of the United States, François Mitterrand of France, Helmut Kohl of West Germany, Bettino Craxi of Italy.

Summit Nations to Be Flexible In Third World Debt Dealings

By Axel Krause
International Herald Tribune

LONDON — Leaders of the seven major noncommunist industrialized nations ended a three-day summit meeting on Saturday by adopting a flexible strategy on rescheduling Third World debt and a plan to continue pursuing common anti-inflationary policies.

The effect of the debt proposal would be to put pressure on commercial banks and international lending organizations to give developing nations more time to repay loans provided they took measures to improve their economies.

The summit failed to produce new initiatives to deal with protectionism and with high interest rates and budget deficits, notably in the United States. It also failed to set a date for new multilateral negotiations on trade liberalization, as had been proposed by Prime Minister Yasuhiro Nakasone of Japan and President Ronald Reagan.

The final declaration called on the Soviet Union to resume arms control negotiations and voiced support for commitments to the nonuse of force by both East and West.

Despite the absence of major new initiatives, the participants avoided the open splits that characterized the seven leaders' two previous meetings at Versailles in 1982 and Williamsburg last year.

Moscow says West wants to negotiate arms control from a "position of strength." Page 2.

"Of course we disagreed here. We also produced several steps that some will call only qualified success," a senior West European diplomatic official said Sunday.

"But for the first time in years, at a summit, there was a climate of agreement to move forward on several key issues, that will spill over — and shape — international discussions in the weeks ahead, particularly regarding East-West relations and Third World debt," he said.

Attending the summit were the leaders of the United States, Britain, Canada, France, West Germany, Italy and Japan.

"This time there was no finger-pointing at any leader . . . The final result was non-spectacular, which is the way summits are supposed to work," a senior U.S. diplomatic official commented. "What counted at the London summit was not the agreements or lack thereof but the process," he said.

President François Mitterrand of France, who had previously questioned the usefulness of economic summits, said that the summits were "back on the right path." It was his fourth summit, as it was for President Ronald Reagan.

Prime Minister Margaret Thatcher of Britain termed the summit, her sixth, "valuable, interesting and friendly."

The key agreements reached were the following:

- A call on the Soviet Union to accept the Reagan administration's proposal to "restart nuclear arms control talks anywhere, anytime, without preconditions," as part of the what the summit leaders said reflected their determination "to pursue the search for extended political dialogue and long-term cooperation with the Soviet Union and her allies."

At a news conference, Secretary of State George P. Shultz noted that Mr. Mitterrand planned top-level meetings in Moscow later this month, and British officials said that the foreign secretary, Sir Geoffrey Howe, planned a trip to Moscow in July. "Lots of contacts are going on, and discussion among ourselves, which is part of a calm, collective approach," to the Soviet Union, Mr. Shultz said.

- A proposal to encourage commercial banks and governments to extend "multiyear" rescheduling of Third World debt "in cases where debtor countries are themselves making successful efforts to improve their position." The current practice is to renegotiate on a year-by-year basis.

The summit leaders said that the

(Continued on Page 2, Col. 2)

South Africa Detains 37 In Namibia

By Alan Cowell
New York Times Service

JOHANNESBURG — Security police in South-West Africa have detained 37 leaders and supporters of the internal wing of the insurgent South-West Africa People's Organization.

Those detained Saturday included Daniel Tjongarera, the deputy chairman of SWAPO, and Nico Bessinger, its secretary for foreign affairs.

The guerrilla group they belong to is battling South Africa for control of the territory, which is also known as Namibia.

Anton Lubowski, a lawyer, was another of the detainees. His wife said, about 80 policemen wearing the camouflage uniforms of a special anti-insurgent unit made the arrests at a Roman Catholic seminary at Dobra, eight miles (13 kilometers) north of Windhoek, the capital.

The timing of the detentions seemed unusual since Prime Minister Pieter W. Botha is touring Western Europe, where he has apparently been trying to assure British, West German and other leaders of his country's sincerity in seeking a settlement in South-West Africa.

[A U.S. Embassy spokesman said in Rome that South Africa and the United States would discuss Namibia during Mr. Botha's visit to Italy, Reuters reported. The State Department's under secretary for African affairs, Chester A. Crocker, will meet with Mr. Botha.]

The detainees, held under legis-

(Continued on Page 2, Col. 7)

Scoring Summit Points Through Caution

By John Vinocur
New York Times Service

LONDON — Economic summit meetings have often produced winners and losers. The key factors have been the agendas set up by the leaders themselves, and how their performances turn out on the issues they earmarked as important to emphasize or to avoid.

The meeting that concluded Saturday was characterized by the presence of five leaders who essentially looked to skirt possible difficulties, and to go home to their constituencies without losing face or carrying controversy along with them. In the case of France, Britain, West Germany, Italy, and the United States, this cautiousness relates to the European Parliament elections being held in the European Community countries over the next [illegible], and to the U.S. presidential campaign.

By contrast, François Mitterrand of France and Yasuhiro Nakasone of Japan made important policy innovations at the Williamsburg summit conference last year, signing a security document that brought each country closer to the U.S. view of the global security balance. As a result, both men confronted sharp criticism from their domestic political opposition.

This time, circumspection appeared to replace important risk or major change; winning and losing in London was a matter of a degree.

The following is a rough scorecard, setting out how the individual countries did in relation to the aims they set out for themselves:

- **Britain.** Prime Minister Margaret Thatcher had all the natural advantages of organizing the conference to fit the needs of British public opinion. Before the meetings began, British officials said they would try to get a strong statement on terrorism from the summit, including measures that would blacklist diplomats involved in state terrorism.

But the summit's terrorism statement was vastly less specific and binding than the document produced on air piracy by the Bonn summit of 1978. It did not use the word "recommendations." Rather it employed the vague expression "proposals which found support in the discussion" to describe a call for greater cooperation among the participating countries.

- **United States.** President Ronald Reagan's biggest success was to avoid specific criticism of the budget deficit and high interest rates in the final communiqué. A working draft of the final communiqué singled out the problem as an American one, and talked about "down payments" that the administration promised to make to alleviate the deficit. But by the time the final document was produced, the uncomfortable specific references had disappeared.

Mr. Reagan could be pleased that the communiqué had echoes of his style of economics. It spoke of the need to restrain public expenditure and to limit "rigidities in the labor market," a phrase reflecting American criticism of Europe's inability to restructure its industries and create jobs.

- **France.** Compared to Williamsburg, this summit was a clear success for Mr. Mitterrand. Although unemployment is rising in France and the automobile industry is in a deepening crisis, the French president could go home bearing a statement that "recovery can now be seen to be established in our countries." The line might be a useful international shield against attacks by the political opposition.

Mr. Mitterrand could also try to enhance his reputation in the developing world by insisting that it was France that pressed most strenuously for more flexibility toward the Third World's debt problems. In addition, the conference's support of "extended political dialogue" with the Soviet Union would serve as ammunition against critics of Mr. Mitterrand's trip to Moscow later in the month.

- **Japan.** Japan's classic aim at the summits has been to escape criticism of its industrial and import policies. This time, there was little talk about Japanese protectionism and almost no discussion of its supposed unwillingness to open its doors to foreign products.

But the Japanese failed to get a hoped-for date for the start of the so-called Reagan Round of commercial negotiations, which they consider an important factor in developing their long-term industrial policy. The Japanese also brought up complaints about unitary taxation procedures in the United States, but the issue remained submerged and of concern mainly to specialists.

- **West Germany.** The West Germans came to the conference seeking very little and risking less. They were happy, however, with the summit's declaration on East-West relations and arms control, which were regarded as helpful to Chancellor Helmut Kohl in terms of domestic policy.

Mr. Kohl was also considered likely to profit at home from a summit statement on cooperation to reduce environmental damage. The statement makes the Christian Democratic government look active on ecological measures, by stressing the importance of a conference on the environment spon-

(Continued on Page 2, Col. 1)

United Press International

DIFFERING OPINIONS — Anti-nuclear demonstrators in central London protested against cruise missiles Saturday while a banner declared support for Ronald Reagan.

The Associated Press

Ivan Lendl serving on the way to victory over John McEnroe in the men's singles final at the French Open. Martina Navratilova won the women's title. Page 19.

INSIDE

Death Toll At Amritsar Rises to 450

By William Claiborne
Washington Post Service

NEW DELHI — As security forces continued to sweep through the northern Indian state of Punjab Sunday rounding up Sikh extremists, the official death toll in Wednesday's army attack on the Golden Temple in Amritsar rose to at least 450.

There were reports that many more may have died.

The entire state has been sealed off to foreign journalists, and information about the assault on heavily armed Sikh separatists in Amritsar has been tightly controlled by the government. But there have been persistent reports from Punjab that the official report that nearly 400 Sikhs and 55 troops were killed may be low and that the actual figure may reach 1,000.

The commander of the army's assault on the Golden Temple, Major General R.S. Brar, said on state-run television Saturday night that bodies were still being recovered from basements, bunkers and utility manholes that had been converted by Sikh guerrillas into firing positions and that the actual death toll is not known.

But a prominent Sikh historian and member of Parliament, Khushwant Singh, quoting an Indian official who visited the Golden Temple, said that more than 1,000 persons died during the assault and that the government was suppressing the information for fear of Sikh reaction.

"What the government is putting out is not the truth. I don't know how long they can keep this secret," Mr. Singh, a member of Prime Minister Indira Gandhi's ruling Congress-I Party, said Sunday.

Mr. Singh, author of several books on Sikhs and a widely read newspaper and magazine columnist, said the dead included at least 600 followers of Jarnail Singh Bhindranwale, the fundamentalist Sikh preacher who led the separatist movement and who was killed in the attack on the temple. The

(Continued on Page 2, Col. 2)

The Associated Press

Sikh women in New Delhi on Sunday protested the assault on the temple in Amritsar.

Budget Cuts Barely Hurt U.S. Social Programs

By John Herbers
New York Times Service

NEW YORK — The vast majority of U.S. domestic programs started by the federal government in the past three decades have survived despite budget cuts made under the Reagan administration, according to a new study.

The study, released Saturday by the Woodrow Wilson School of Princeton University, found that in many cases the states had replaced significant amounts of the lost federal money as programs were placed under their control.

One major exception, according to the study, was the program that extended welfare benefits to the working poor. President Ronald Reagan, in an initiative approved by Congress, succeeded in removing the working poor from the rolls in most states.

The Princeton study seeks to determine the effect of all aspects of the Omnibus Budget Reconciliation Act of 1981 and related policies that reduced domestic spending, fundamentally changed the national welfare programs and shifted responsibilities from Washington to the states.

According to the study, Congress restored many of the cuts in 1983 and 1984 and the states replaced more of the lost federal money than had been generally expected. In addition, the study showed, the states embraced and preserved most of the 54 social programs that Congress turned over to them.

At the same time, the Reagan initiatives, combined with the deep and prolonged recession of 1982, set off a wave of change in state government, including tax increases, reorganization aimed at cost reduction and innovations such as shifting the tax burden from property to sales and user fees.

States such as New York and Massachusetts, which have been strongly committed to services for the needy, replaced a large share of the federal cuts and enacted new programs of their own.

Some growing states in the South and West barely felt the impact of the federal budget reductions. Arizona, for example, because of its population growth, experienced an increase of 27 percent in federal aid for social programs and highway construction from 1982 to 1984 with only a small decrease in welfare payments to the poor.

The Reagan policies, according to the study, accelerated some trends already under way in the late 1970s, including centralization of many services under state government. Power has shifted to the states from the cities and other local governments, which in the 1960s and early 1970s enjoyed a direct relationship with Washington through the receipt of grants that bypassed the states.

One result of that shift has been

(Continued on Page 3, Col. 5)

Olympic Torch Ignites Patriotic Feelings in U.S.

By Andrew H. Malcolm
New York Times Service

LOOSE CREEK, Missouri — The relay runner, streaming with sweat, slows at the end of his leg. Night or day, there is always a crowd in a front yard or at a rural intersection to watch the roadside exchange of the flame for the next section leading up to the Los Angeles Olympics' opening ceremonies July 28.

But something unplanned is also happening as the Olympic torch makes its way across the United States, through places like rural Missouri, communities like Useful, Linn and Knob Noster, Union, Sedalia and Festus. It is igniting feelings of patriotism.

After the torch-bearer has passed on the flame to a new runner, someone begins to hum or sing softly. Sometimes the song is "The Battle Hymn of the Republic" or the national anthem. At other times, there is just a prolonged cheer, or a whispered exchange between one spectator and the runner.

"God bless you, son," said an elderly woman, "for making me feel like this again."

Last week the Olympic flame, which originated in Greece and began its U.S. journey in New York City on May 8, made its way from Mississippi up through Tennessee and Arkansas to St. Louis, and across Missouri to Kansas in the fifth week of its 82-day, 9,100-mile (14,730-kilometer) trek through 33 states.

Runners, who each do four-mile stints, find themselves being assaulted by a range of emotions.

"It's so strong," said Ron Kita, a 39-year-old runner and computer specialist from Granville, Ohio, like all the runners an employee of American Telephone & Telegraph Co., the relay sponsor.

He added: "When the people see that torch, they relate it to patriotism. There's a hunger for that in the land. And for a hero."

Throughout the countryside, there are people every 100 or 200 yards. Runners have become accustomed to rounding a rural bend even after midnight and finding one or two families standing at the end of the lane with a flashlight to shout encouragement.

Some spectators travel from nearby states to see the caravan pass several times. Others are wearing nightgowns and hair curlers. Some people, freshly roused by the flashing lights of police escorts, emerge from where they have been sleeping by the roadside.

The cross-country journey is a big logistical challenge, with 41 vehicles moving, feeding, hunking and cleaning 100 runners and support personnel over an average day's journey of 125 miles.

But little incidents are important to every caravan member. For Bill Morrison, of New York, it was the line of deaf children in West Virginia when the runner gave them the torch to each pass along for a few feet. At the end, the youngsters' hands burst into a flurry of sign language.

For Steve Cross, of New Jersey, it was the off-duty runners who sighted a boy in an oxygen mask watching from his bedroom window. They took an extra torch upstairs.

Despite the larger crowds in cities, where many companies gave $3,000 to local charities for the right to have an employee carry the torch one kilometer (0.6 mile), it is in the countryside that the runners find themselves most touched by people's efforts to become involved.

Church bells, fire sirens and truck horns greet runners as they arrive in towns. Some people throw roses, offer beers or run alongside.

"Look at that runner, Honey," a mother urged her daughter, "Look at that runner and always remember him!"

It is heady stuff for runners.

The relay manager, Richard Boehner, said: "The people are making heroes out of people who aren't. But out there on the road, running with the crowd cheering, it's hard to separate the torch-bearer from the torch."

"I'm not sure why I'm here," said Jerri Benson, whose employer emptied his plant to greet the runners. "But I know there's more to it than standing in the sun a long time to watch a guy run by in his underwear carrying a huge match."

In Gray Summit, Skip Haffley took the afternoon off from cleaning houses to watch the caravan and hold up the U.S. flag. "It's America, you see," she explained. "And we love it."

Trudeau's London Swan Song

Canadian, Soon to Retire, Reflects on Results of Gathering

By Craig R. Whitney
New York Times Service

LONDON — "Well, another summit over," said Pierre Elliott Trudeau, who finished his ninth and last economic summit meeting Saturday with a long-stemmed red rose in his lapel.

Next Saturday, his party, the Liberals, will elect a new leader and soon he will not be prime minister of Canada anymore. Was he lobbying here for a new job, reporters asked.

"At least you're not asking me the question you've been asking for the past eight or 10 years — are you going to resign?" he said. "Finally, I did."

"What I want to do is precisely nothing, besides moving to Montreal, buying a car, getting the kids in school, hiring a maid, and that sort of thing," he added. "I don't want to get myself involved in anything, nationally or internationally, so that when I get bored with myself, which may take a long time, I can pick and choose the best offer, if there are any forthcoming."

It was a characteristically direct reply. At other moments during this summit meeting, he had seemed weary and a little bored. But he said he thought summit meetings were worthwhile even if they were also frustrating.

"If only the news media could realize that there ain't much news going to come out of it, they'd be more worthwhile," he said. "I hope they continue, and I hope they will be less structured, less elaborate."

Explaining what he meant, he brought up the "declaration on democratic values" adopted by the meeting Friday.

"I bet you are none of you waving that around and quoting from it," he said. "It's full of clichés and banalities, but it was done for a reason.

"Just the day before, we had a long celebration of D-Day. The Germans and the Japanese were our enemies then, and we wanted to say that 40 years have passed. Maybe the people in Japan and Germany will read the declaration and think that, well, we did mourn D-Day but now we're working together."

He spoke as easily in French as in English, answering questions from his bilingual press entourage. Reflecting on his successes and failures at this summit gathering, he linked them with the "peace initiative" he had taken to world capitals in his last months in office. Here, he insisted on a separate declaration on East-West relations and arms control by the summit participants, and he seemed mostly happy with the result.

"Just listen to Mrs. Thatcher, one of the hawks last year at the Williamsburg summit," he said, "or to President Reagan, who in Ireland a few days ago said a nuclear war can't be won so it shouldn't be fought. We've come a long way. But I think the window that was open, or half open, in February of this year isn't open any more.

"I thought after Andropov died and Chernenko was installed, there might have been a change, but now Reagan is too close to his elections to get into a serious dialogue with the Soviets. But the language and the intentions have changed."

How would he sum up his 16 years as prime minister?

"In these troubled times, I survived, which is not bad," was the reply.

The Associated Press

Prime Ministers Pierre Elliott Trudeau and Margaret Thatcher before the London summit.

Trudeau Angered Reagan in Summit Clash

Reuters

LONDON — President Ronald Reagan angrily rebuked Prime Minister Pierre Elliott Trudeau of Canada in a heated clash on East-West relations at the London economic summit, a senior U.S. official said Sunday.

Mr. Trudeau, leading a personal crusade for détente, incurred Mr. Reagan's wrath when he blamed the United States for the impasse in U.S.-Soviet relations.

"Reagan took his glasses off and said, 'Damn it, Pierre, we have offered, I have said everything. ... What the hell more can I do to get them back to the [bargaining] table,'" the official recounted.

The official, who insisted he should not be named, said none of the other leaders joined Mr. Trudeau in blaming the United States: "He was the odd man out."

Moscow Says West Wants To Deal From Strength

The Associated Press

MOSCOW — The Soviet Union has reacted swiftly to an appeal by Western leaders to resume talks on nuclear arms control, saying that they "intend to continue the position-of-strength policy."

The Tass news agency said Saturday that the seven leaders at the London economic summit conference concentrated on political questions to "conceal acute differences over economic matters, the differences which tear the capitalist world asunder."

In a statement on East-West tensions, the Western leaders said the United States had offered "to restart nuclear arms control talks anywhere, at any time without preconditions."

But Tass indicated a rejection of the call for a resumption of the U.S.-Soviet talks on nuclear missiles, saying the West was still following "the position-of-strength policy."

"Thus the summit-endorsed declaration on East-West relations maintains that the West ostensibly is determined to pursue the search for extended 'political dialogue and long-term cooperation' with the Soviet Union and other socialist countries, and to see 'early and positive' results in the various arms control negotiations," Tass said.

But Tass added that the declaration "did not say a word" about the deployment by the North Atlantic Treaty Organization of new U.S.-built, medium-range nuclear missiles in Western Europe.

The Soviet Union broke off the negotiations on nuclear missiles with the United States late last year when NATO began deploying cruise and Pershing-2 missiles to counter new Soviet medium-range missiles targeted on Western Europe.

Tass also attacked a declaration against terrorism adopted by the heads of government of the United States, Britain, West Germany, France, Italy, Canada and Japan.

It said the summit should have condemned "state terrorism which has become part and parcel of the foreign policy of the United States."

It cited U.S. actions in Lebanon, the invasion of the Caribbean island of Grenada last October and what it called the "undeclared war" against Nicaragua's leftist Sandinist government.

The agency said another summit statement appealing for an end to the Gulf war between Iran and Iraq "is styled in the same spirit."

"It contains a hypocritical call for 'a peaceful and honorable settlement' of the conflict," Tass said. "But at the same time, the countries of the 'seven' threateningly state that they will do everything in their power to promote stability in the area."

U.S. Excuses for Budget Deficit Proliferate

By Steven R. Weisman
New York Times Service

LONDON — Like an unwelcome guest, the subject of the U.S. budget deficit kept appearing at the economic summit conference here despite the best efforts by President Ronald Reagan and his entourage.

Mr. Reagan has practiced perhaps a dozen explanations for why, after years of complaints by other world leaders, the deficit has refused to disappear, and why it may not matter that it has not.

Here is a list of the leading defenses of the deficit culled from public statements by the president and his aides, and from reports from inside the private discussions here:

The "down payment" is coming. Mr. Reagan says that Congress is about to approve a three-year package of budget savings worth perhaps $150 billion. He generally leaves out the fact that, even after the "down payment," the deficit is likely to remain above $200 billion.

Deficits are not so bad. Mr. Reagan and Treasury Secretary Donald T. Regan insist that there is no proof that deficits have led to high U.S. interest rates. They cite figures showing that when the deficits rose in the last few years, interest rates fell.

High interest rates may be good for you. U.S. officials say that even if the deficit has caused high interest rates, Europe should be grateful. High rates have led to an overvalued dollar, which in turn has made it easier for Europe and Japan to export goods to the United States. "Our deficit spending has financed their recovery," an administration economics spokesman said.

It's Congress' fault. Mr. Reagan told Prime Minister Margaret Thatcher of Britain the other evening that if Congress had approved all the spending cuts he proposed, the deficit would be $40 billion lower than it is.

It could be worse. A British official said Mr. Reagan told Mrs. Thatcher that if President Jimmy Carter had still been in office, and had continued with his original economic plan, the deficit would be $90 billion higher than it is now.

We're having a recovery, so why complain? A senior administration official said that inflation had been halved and the rate of economic growth had tripled under Mr. Reagan, and that this was the thing to keep in mind. Another official said Mr. Reagan had set out to do three things upon taking office: Build up defenses, cut taxes and balance the budget. "Two out of three ain't bad," he said.

The problem is exaggerated. U.S. officials say the size of the deficit is probably overstated. They cite some administration economic projections showing that the recovery will lead to a substantial reduction in the deficit.

You're just as bad as we are. A new explanation is that the U.S. federal deficit is no worse than deficits in Europe as a percentage of each nation's total economic output. U.S. state and local governments are generally experiencing surpluses because they raised taxes and cut spending during the recent recession. If those surpluses are subtracted from the federal deficit, the total for deficit spending by all governments in the United States comes to about the same proportion of the economy as in Europe. "We're not too far out of line with our deficits, with the deficits of our allies," Mr. Reagan said recently.

It can be managed. Mr. Regan, in particular, has emphasized in interviews that if there is sufficient growth in the supply of money, the deficit need not damage the economy. Implicitly, he called on the Fed, which oversees money supply growth, to accommodate federal borrowing and private borrowing sufficiently to sustain economic growth without inflation.

But we really do hate deficits. When these explanations fail, presidential aides say that Mr. Reagan falls back on his considerable personal credibility by saying that he has opposed deficit spending throughout his career. Mr. Reagan has seized the initiative by calling on the summit meeting participants to deplore deficits.

In any case, it's a red herring. Administration officials are saying that Europeans are not really that upset about the deficit. U.S. officials say that recent criticism by Mrs. Thatcher and Chancellor Helmut Kohl of West Germany was made for domestic political reasons.

Summit Nations Are to Be Flexible With Debtors

(Continued from Page 1)

agreement was aimed at stretching out repayments for developing countries from the present approach, which Sir Geoffrey said "is particularly important with the particular hump of debt which comes in 1985 and 1986," notably in Latin America.

Mr. Mitterrand had pressed hard for stronger language in the communiqué stressing a greater role for governments in helping the Third World debtor countries as part of what French officials described as a "global approach." But he expressed satisfaction with other related agreements in the declaration. These, for example, committed the summit leaders to "reconsider" a further allocation of special drawing rights by the International Monetary Fund interim committee meeting in September.

● A declaration on international terrorism. While it fell short of specific recommendations, it pledged summit leaders to establish closer cooperation and coordination between police and security organizations, particularly concerning the exchange of information, intelligence and technical knowledge.

● A call on Iran and Iraq to "cease their attacks on each other and on the shipping of other states," which the summit participants linked to their "concern that the conflict should not spread further." The statement also said that the seven governments will "do what we can to encourage stability in the region."

The agreements on terrorism and the call to end conflict in the Gulf appeared bland and fell short of new commitments. However, summit participants vigorously defended the actions planned by Western governments, notably on terrorism. "There will be followup ... This is not a treaty," Mr. Shultz said during his news conference.

Donald T. Regan, the U.S. Treasury secretary, said that, even though the seven had been unable to agree on a date for starting negotiations on liberalizing world trade, primarily because of strenuous opposition by European Community nations, notably France and Italy, the final communiqué committed the summit leaders to "press forward" with a view to fixing the timing of a new negotiating round "at an early date." A senior U.S. official said that "we would have liked to see 1986 in there, but we see it as a commitment anyway."

Probably no economic issue triggered more intense discussion than high U.S. interest rates, the U.S. budget deficit and the refusal of Mr. Reagan to accept suggestions from Mr. Mitterrand and Chancellor Helmut Kohl of West Germany, among others, to "do something," about interest rates. President Reagan said that he had stressed there was absolutely no proof linking high interest rates and the budget deficit.

At an earlier news conference, Finance Minister Jacques Delors of France said that six out of the seven summit participants disagreed. Yet Mr. Delors, in keeping with what an EC Commission official described as the "nonconflictural approach" of the London summit, said that European governments would have "preferred a more concrete" recommendation on high interest rates.

At the insistence of Mr. Mitterrand and Mr. Kohl, the statement said only that high interest rates in summit countries, without naming any country, "could put recovery at risk."

"You cannot expect miracles at these summits and we do have disagreements — we the Europeans and the Americans mainly," a senior French official said. And he predicted that, while there would be continued discussions between EC governments and the Reagan administration over such issues as managing Third World debt, the summit discussions had "produced greater cohesion, greater understanding as well."

The communiqué said that the summit countries attached "major importance" to aid programs in Africa, including a special program being prepared by the World Bank, which France and other EC nations have supported actively.

"These moves, such as the reference to Africa, or the debt rescheduling, while not blockbusters represent little steps and a lot of working together we have not seen at summits before," a senior U.S. official said. "There is a lot less open conflict, and more pulling together, despite the differences."

The London Summit: How They Scored

(Continued from Page 1)

sored by the Bonn government later in the month in Munich.

● **Italy.** Italy's success was in avoiding highlighting the deep split involving the two major parties of the government coalition, the Socialists and the Christian Democrats. Prime Minister Bettino Craxi, a Socialist, and Foreign Minister Giulio Andreotti, a Christian Democrat, could say that they worked calmly enough together to help in the European push for movement on Third World debts.

On the Italian asset list was a blessing from the summit participants for an Italian initiative to hold a world conference next year on the theme of turning technical innovation into a producer of jobs.

● **Canada.** Some summit participants described Prime Minister Pierre Elliott Trudeau, who will retire this year, as moody and distracted. Not much attention was given to his paper on East-West relations, growing out of his worldwide travels over the year.

Canadian officials took credit, however, for a phrase in the summit's East-West statement that asserted that "East and West have important common interests." They insisted that this was a meaningful broadening of the seven countries' position toward the Soviet bloc. The Canadians also shared the satisfaction of those participants who felt that they had moved the United States on the question of Third World debt.

India's Figure on Sikh Deaths Is Disputed

(Continued from Page 1)

movement's campaign of terror had paralyzed Punjab since February, leaving more than 400 Sikhs and Hindus dead.

Also in the temple complex at the time of the assault were hundreds of supporters of the more moderate Akali Dal party and pilgrims who had gone to worship at Sikhism's most revered shrine.

Mr. Singh, who as a sign of protest last week returned a prestigious government medal he had won 10 years ago for his contribution to literature, said he planned to convene an inquiry committee of retired chief justices to investigate the assault.

Referring to the campaign for the establishment of an independent Sikh state, Mr. Singh said the assault had "given the movement for Khalistan not just one martyr but 1,000 martyrs."

He added, "I know Mr. Bhindranwale had been provoking them for months, but to flush out a rat, you don't bring down the house."

The army command in the Punjabi capital of Chandigarh reported Sunday that at least 17 persons, including seven members of the security forces, were killed Saturday in two clashes between paramilitary troops and Sikh guerrillas in the Amritsar area. Eighty Sikh militants were arrested, officials said.

More than 1,200 Sikhs were arrested in 38 religious places during Wednesday's statewide army crackdown, and hundreds more have been arrested since. Most towns and villages in the state remained under curfew Sunday.

Meanwhile, the government remained silent about a reported rebellion Friday among Sikh soldiers in the Indian Army, in which about 100 troops were said to have deserted their post at Ganganagar, in the state of Rajasthan, and crossed by truck into Punjab, presumably on their way to Amritsar.

According to reports reaching Chandigarh, 10 of the infantry enlisted men were killed and 50 were captured near the town of Malout.

Paris, Bonn Officials Honor German Dead in Normandy

The Associated Press

LA CAMBE, France — Under a warming sun at the German war cemetery here, France and West Germany paid homage Friday to those who fell in the futile effort to hold back Allied forces that landed in Normandy on D-Day 40 years ago.

About 200 people, many of them Germans, attended the ceremony presided over by Franz Joachim Schoeller, West Germany's ambassador to France, and Jean Laurain, the French minister for veterans' affairs.

The Germans were not invited to the major ceremonies held Wednesday on the invasion beaches in Normandy.

"France and Germany, whose destiny has been marked over the centuries by wars, are today reconciled," Mr. Schoeller said in his brief address at the cemetery, where 21,160 German soldiers are buried.

■ **Massacre Commemorated**

About 5,000 people attended ceremonies Sunday on the 40th anniversary of the massacre of at least 642 men, women and children in the French village of Oradour-sur-Glane by troops of the German SS Das Reich division. The Associated Press reported. The massacre were in reprisal for Resistance actions after the Normany landings.

Iran, Iraq Heed UN Call

(Continued from Page 1)

sumably because they have been the main financial backers of the Iraqi war effort.

Indirectly confirming Iran's role in mounting air raids against tankers, President Khamenei said that Iraq was responsible for starting the attacks on ships in the Gulf and on each other's cities.

"Repeated Iraqi aggressions on tankers sailing in our transportation routes to which the international fora reacted in an unresponsible manner paved the way for the present tension in the Gulf," radio Tehran quoted President Khamenei as saying.

The latest attack raises the question of whether Iran intends to make neutral shipping unsafe throughout the Gulf, as its leaders have threatened they would, if Iraq continues its air raids on tankers bound for Kharg Island.

On Saturday, an Iraqi communiqué said two more "large naval targets" had been hit north and west of the island. Iran denied the report, and there has been no independent confirmation of the Iraqi attack.

Twenty-eight tankers and other ships have been reported hit since late March by either Iran or Iraq. Most of them have been hit by Iraq in the war zone covering much of the northern Gulf.

North Korean Visits Belgrade

Reuters

BELGRADE — President Kim Il Sung of North Korea had talks Sunday with President Veselin Djuranovic of Yugoslavia and the Communist Party leader, Dragoslav Markovic. Mr. Kim arrived in Belgrade on Saturday on a three-day visit.

Poles Arrest Key Official In Solidarity

The Associated Press

WARSAW — A fugitive member of Solidarity's national coordinating committee, Bogdan Lis, has been arrested, the authorities said Sunday. He is the most important underground figure captured since the military crackdown on the union in December 1981.

Mr. Lis, 31, is a friend and former aide to the Solidarity leader, Lech Walesa, who described the arrest as a "great loss."

Mr. Walesa, contacted by telephone at his apartment in the Baltic port of Gdansk, said he met with Mr. Lis about six weeks ago, but he declined to give details.

Mr. Lis was one of five members of the Temporary Coordinating Commission, or TKK. He represented Gdansk, which was where Solidarity began in August 1980.

Mr. Lis, who was expelled from the Communist Party in October 1981 for his union activities, was considered the senior figure in the underground after Zbigniew Bujak. Mr. Bujak, who headed Solidarity's Warsaw chapter before the military crackdown, remains at large.

Polish television announced the arrest of Mr. Lis on its main evening newscast, but it did not say when he was captured.

Mr. Walesa said the arrest was "a great loss because he was a good activist. Still, we can manage."

"To teach them a lesson, we shall put three men on our commission, instead of one" to replace Mr. Lis, he said. "By using this tactic, we shall be able to carry on for another 50 years."

The capture of Mr. Lis followed intense police action to discourage support for Solidarity's call for its 9.5 million members to boycott local elections next Sunday.

Union leaders have called for the boycott because, they say, a big turnout for the elections, the first since Solidarity was created, would legitimize its suppression.

Polish authorities have arrested five previous members of the Temporary Coordinating Commission, but none are as well-known as Mr. Lis. Three commission members from the southwestern Polish city of Wroclaw were arrested in late 1982 and early 1983, and they are serving prison terms. They are Wladyslaw Frasynuk, Piotr Bednarz and Jozef Pinior.

In December 1982, police arrested Janusz Palubicki, shortly after he joined the Temporary Coordinating Commission representing the western Polish city of Poznan. He was released from prison last week after, he reportedly aggravated a heart ailment with a lengthy hunger strike.

In August 1983, the government announced the arrest of Wladyslaw Hirdek, Krakow representative of the commission.

WORLD BRIEFS

Moscow Reiterates Call for Test Ban

MOSCOW (Reuters) — The Soviet Union has reiterated a standing offer to the United States to agree to a ban on underground nuclear weapons tests and has accused Washington of showing no interest in reaching an accord on the issue.

The Tass news agency said Saturday that "in the United States a program of underground nuclear weapons tests is being carried on and, moreover, expanded." It made no mention of Soviet underground tests, although Western experts say these are carried out at the same pace as U.S. tests.

The commentary was taken from the Sunday edition of the Communist Party daily Pravda. Its publication in advance indicated that it reflected Kremlin thinking.

Afghan Rebels Claim Raid on Russians

ISLAMABAD, Pakistan (Reuters) — Afghan guerrillas said Sunday that they had killed or wounded a number of Soviet troops and destroyed more than 35 Soviet helicopters and MiG fighter planes at an air base north of Kabul.

The Hezb-i-Islami group, which is based in Pakistan, said guerrillas had fired more than 150 short-range rockets and hundreds of mortar bombs in the attack, which took place June 3 at the Bagram air base. No independent confirmation could be obtained.

Some rockets hit living quarters, killing or wounding many Soviet officers and pilots, it said, adding that the runway and other installations were severely damaged.

UN Chief Rejects New Lebanon Force

NAQURA, Lebanon (Combined Dispatches) — The United Nations secretary-general, Javier Pérez de Cuellar, rejected Sunday an Israeli proposal that UN peacekeeping troops serve as a buffer between Israel and Syrian forces in eastern lebanon.

"The UN is against anything which would signify directly or indirectly the division of Lebanon. We want to have Lebanon in the hands of the Lebanese," he said. The UN secretary-general, who is on a five-nation Middle East tour, was commenting on a proposal by Prime Minister Yitzhak Shamir of Israel.

In Beirut, Moslem and Christian fighters pounded residential areas with shells and rockets throughout Sunday after a night of shelling and shooting in which two persons were killed and 40 wounded.

In Tel Aviv, tens of thousands of Israelis gathered Saturday evening for a peaceful demonstration against Israel's two-year-old occupation of southern Lebanon and Jewish extremism in the occupied West Bank, organized by the peace movment, Peace Now. (Reuters, AP)

Launch of $30-Million Satellite Fails

CAPE CANAVERAL, Florida (AP) — A $30-million international communications satellite tumbled out of control after it was launched over the Atlantic Ocean Saturday. NASA officials said there was no way to save it.

The failure occurred 23 minutes after liftoff when the Atlas-Centaur rocket was in contact with a tracking station on Ascension Island in the South Atlantic. It will take several days to fly the data tapes back from the island, according to officials from the National Aeronautics and Space Administration. A review board has been set up to study the failure.

The International Telecommunications Satellite Organization paid NASA $60 million to launch the satellite, which it had insured for $10 million. With 12,000 voice channels and two color television channels, it was to have joined 15 other satellites currently serving the 108-nation organization. It was the first failed satellite launch at Cape Canaveral since August 1977, when another Atlas-Centaur malfunctioned.

Suspect Arrested in U.S. Bombings

MINNEAPOLIS (AP) — A 24-year-old man seriously injured in an explosion has been charged with possession of bomb parts in connection with the discovery of more than 20 pipe bombs in three states, authorities said.

Earl Steven Karr was charged Saturday with illegal possession of an unregistered firearm in connection with the discovery of pipe bomb parts in his Minneapolis rooming house room, U.S. Attorney James M. Rosenbaum said. Mr. Karr suffered first- and second-degree burns to his arms and face Friday when a bomb exploded while he was in a rented car outside a restaurant in a shopping center in the north-central Iowa community of Mason City.

At a news conference, Mr. Rosenbaum said Mr. Karr may face further charges in Wisconsin and Illinois, the other states where bombs were found. Five people were hurt in the blasts that have occurred since early May. "We have no evidence to indicate that he had an accomplice or was working with part of any organized group," Mr. Rosenbaum said, adding that there was no immediate indication of a motive.

Peru Declares State of Emergency

LIMA (AP) — President Fernando Belaunde Terry has declared a state of emergency and suspended civil rights guarantees for 30 days because of strikes by teachers and civil servants.

The interior minister, Luis Percovich Roca, said Friday: "The inviolability of the home and the freedom to meet and to travel throughout the country have been suspended."

He said the steps had been taken to preserve public order "in view of the situation provoked" by the strikes, which he said "harm the normal progress of the country." Nearly 170,000 teachers struck last Monday to demand an increase in their minimum wage. They were followed Tuesday by 500,000 government employees seeking pay increases.

Berlinguer's Condition Worsens

PADUA, Italy (AP) — The condition of Enrico Berlinguer, the Italian Communist Party leader, worsened during the weekend and doctors said the 62-year-old politician had virtually no chance of recovery.

Mr. Berlinguer, stricken by a massive cerebral hemorrhage during a campaign appearance here Thursday, was in an irreversible coma, the doctors said. A medical bulletin issued Saturday at the Padua hospital where he was taken said there had been "a worsening in the state of cerebral compression," meaning there was more internal bleeding, which damaged his brain further.

Dr. Flavio Ruzza, chief medical officer of the hospital, said Mr. Berlinguer was in "extremely grave" condition with "much less than a 10-percent chance" to survive.

37 Leaders and Supporters Of SWAPO Held in Namibia

(Continued from Page 1)

lation permitting 30 days' imprisonment without charge or trial, had been attending a barbeque to celebrate the release of 54 political prisoners from the Mariental prison camp in Namibia.

The South African authorities, who administer South-West Africa in defiance of the United Nations, have cited the release of the Mariental prisoners as evidence of their good faith in the search for a settlement of the 17-year guerrilla war and independence for the former German colony.

Commentators in Namibia said Saturday night, however, that the arrests seemed certain to harden insurgent suspicions that South Africa was not ready to grant the territory independence on any terms but its own.

The detainees also included Hartmut Ruppel, a lawyer who has worked for SWAPO. Last month his colleague, Mr. Lubowski, became one of the few whites in South-West Africa to publicly declare himself a member of the insurgent organization.

SWAPO is led by Sam Nujoma, who controls an Angolan-based external wing in charge of guerrilla operations. The internal wing operates from Windhoek; although it is not formally outlawed there, it may not hold political meetings because its constitution commits it to seeking violent change.

The detentions Saturday followed a series of bomb and landmine explosions in Ovamboland, the most densely populated area of Namibia, where the guerrilla war is largely contained. Since the start of this month, 12 persons have been killed in explosions, apparently designed by the insurgents to demonstrate that they are a force to be reckoned with despite recent setbacks.

In mid-February, South Africa and Angola signed what amounted to a cease-fire agreement that severely curbed the guerrillas' ability to infiltrate into Namibia from the territory's northern neighbor, which had previously provided the insurgents' sole base.

Since then, South African and Angolan troops, operating jointly, have overseen the withdrawal of South African forces from parts of southern Angola.

■ **Nujoma Rejects Proposal**

Mr. Nujoma said Saturday night in Washington that SWAPO rejected a South African proposal that five Western nations provide a transitional government for the territory, The New York Times reported.

In remarks at the annual dinner of a Washington-based organization called TransAfrica, Mr. Nujoma also said his group rejected proposals in which South Africa would withdraw only if Cuban troops left Angola. The United States has supported this idea.

Hart Urges Party Unity Against Reagan, but Refuses to Leave Race

By George Lardner Jr.
Washington Post Service

DENVER — Senator Gary Hart, in an emotional speech to home-state supporters, has made plain that he is determined to carry his presidential candidacy to the Democratic convention. But he emphasized the party's "imperative" to defeat President Ronald Reagan and pledged to do nothing to stand in the way of that goal.

Mr. Hart, addressing Colorado's state Democratic convention on Saturday, said he strongly believes he would have the best chance of ousting Mr. Reagan from the White House. In his first speech since Walter F. Mondale attained a majority of pledged convention delegates last week, Mr. Hart voiced the hope that he would still be able to win the nomination.

But at the same time, he appeared to initiate the reconciliation process that most Democrats consider essential if they are to have any hope of victory in November.

"Let me put it as plainly as I can," Mr. Hart told the crowd of 3,000. "The defeat of Ronald Reagan is the most important imperative of our party. As Democrats and as Americans, we have a duty that goes beyond a candidate or a party."

He said this duty was owed to "those who will pay the price of a *second Reagan term*: the voiceless and powerless, the poor, the elderly, the unemployed and all those who will be condemned to lesser lives in a lesser America, ...to those American teenagers who will be called upon to pay the ultimate price if a second Reagan term leads to war ... to the generation yet to come which will reap the whirlwind of a second Reagan term."

For his part, Mr. Hart said, "I am determined to meet this imperative and I will do nothing that does not advance the purpose of defeating Ronald Reagan. I will do everything to achieve a Democratic victory in 1984."

[In a television interview Sunday, Mr. Hart said he would not challenge what he had called "tainted" delegates pledged to Mr. Mondale, United Press International reported from Washington. Mr. Hart's campaign has said in a complaint filed with the Federal Election Commission that the delegates were won with the aid of independent delegate committees designed to circumvent federal spending limits. Mr. Mondale asked the committees to disband but insists their operation was legal.

["Its a legal and ethical question, and not a political one, and I think that's where it should remain," Mr. Hart said. He said he would not challenge the approximately 600 delegates at the convention July 16-19.]

In his speech Saturday, Mr. Hart did not mention Mr. Mondale by name, but he did warn that the Democrats would lose "if we are perceived, fairly or unfairly, to be the party of tired solutions, or narrow interests, or old arrangements." Mr. Hart had accused Mr. Mondale throughout the campaign of just those failings.

Mr. Hart also insisted that his candidacy was still "alive and well" because he had won more primaries than Mr. Mondale and perhaps the greatest number of popular votes nationwide as well, pending a final tally in California.

"I will continue this campaign as a positive alternative for our party because I believe that it offers the best hope for victory in 1984 against Ronald Reagan," Mr. Hart said.

AP

Senator Gary Hart

■ **Party Unity Called Essential**

David S. Broder of The Washington Post reported from Washington:

Allies and former rivals agree that Mr. Mondale's essential task is to repair rips in the "big tent" of the Democratic Party within the next month.

"This is the critical period," said Robert D. Squier, a Democratic campaign consultant who has not been involved in the nomination fight. "We've got 30 days to get set up to take on Ronald Reagan. But if this turns out to be a month of mischief, we can just as well forget it."

Analysts said the party's "big tent" was split four ways during the nomination fight:

- The Rev. Jesse L. Jackson took over the black vote, which is perhaps the most loyal Democratic constituency, winning 70 percent or more of it in the major states.
- Mr. Hart ran well ahead in *most states among younger voters*, the more affluent and those who think of themselves as independent Democrats.
- Moderate to conservative Democrats who predominate in the South and in areas like California's Central Valley became dropouts as the campaign progressed.
- The fourth group includes those who stayed loyal to Mr. Mondale in most states: the historic Democratic constituency of the elderly, the less-educated, the poor, union workers, Hispanics, Jews and ethnic Roman Catholics.

But as Harrison Hickman, a public opinion analyst for the firm of William R. Hamilton and Staff, said of the primary campaign, "The key lesson is that the core coalition is not a winning majority" for the general election. Democratic pollsters generally calculate the "hard-core anti-Reagan vote" as not much more than one-third of the electorate.

■ **Iacocca Pushed for Ticket**

Mr. Mondale's campaign chairman, James Johnson, said Saturday that a number of Democrats have suggested "very strongly" that Lee Iacocca, chairman of Chrysler Corp., be considered as Mr. Mondale's running mate, United Press International reported from Washington.

Mr. Johnson praised Mr. Iacocca's "strength and leadership" but said Mr. Mondale had not made any decision on a running mate.

Argentina Sends Arms To Honduras

Aid to Anti-Sandinists Fulfills Earlier Contracts

By Jackson Diehl
Washington Post Service

BUENOS AIRES — Argentina's new center-left democratic government has shipped $2.5 million in arms meant for Nicaragua's anti-Sandinist rebels to Honduras this year, according to military and government sources.

The shipment to Honduras, which occurred in late February, included rifles, munitions and spare parts.

The government of President Raúl Alfonsín, which took office in December, also authorized the fulfillment of a $9-million contract for sales of rifles and 105mm recoilless cannon to Guatemala's military government, the sources said.

The arms deliveries took place despite a private message sent in January by Mr. Alfonsín to the Reagan administration saying that his government would end Argentina's involvement in anti-leftist military activities in Central America and instead support Latin American nations seeking a negotiated political settlement there.

Word of the arms shipments comes as the Reagan administration is battling congressional reluctance to continue funding the anti-Sandinist effort. The administration has reportedly been seeking new sources of indirect aid for the rebels.

Government sources in Buenos Aires said there had been no coordination with the United States before the shipments and no direct intention of supporting U.S. policy.

They said that the arms shipments were made only to fulfill contracts made with Central American governments under the previous military government and that Mr. Alfonsín decided that shipping the arms was preferable to breaking partially fulfilled contracts.

"The government believes that it must meet its legal commitments," said an official, stressing that Argentina intended to make no further arms sales to Central America.

Mr. Alfonsín replaced a military dictatorship that reportedly was deeply involved in military sales and aid to the governments of El Salvador and Guatemala and the Honduras-based guerrillas who are fighting the Sandinist government in Nicaragua.

Until mid-1982, when the Falkland Islands war prompted a withdrawal of official personnel, the Argentine military played a major role in training the Nicaraguan rebels, according to accounts here.

In the past two years, government sources said, the military agreed to sell at least $10 million in arms to Honduras meant for the rebels, as well as $9 million for Guatemala and other sales to El Salvador. Most of the shipments on those contracts were made before the military left power, officials said.

In addition, the military authorized the sale of a number of Argentine-built TAM tanks to Panama. Sources said, however, that the new administration has not gone ahead with the sale, in part because of indications that some of the tanks might be delivered to the rebels through Panama.

Despite these Central American arms shipments, officials in Argentina say Mr. Alfonsín's government intends to establish an arms sales policy markedly different from that of the previous military administration and from that of Brazil, a major arms exporter.

The Associated Press

STRANDED — Heather McLeroy and Andrea Richardson cling to a traffic sign in Overland Park, Kansas, as flash flood waters swirled around them. They were stranded on the median, surrounded by water five feet deep, for almost eight hours Saturday before being rescued by an armored tank. Thunderstorms drenched the Midwestern United States. Many places got up to three inches of rain and hailstones the size of golf balls.

Senate Votes to Delete Funds for Honduran Bases

By Wayne Biddle
New York Times Service

WASHINGTON — The Senate has voted to delete funds for construction of two advance military bases in Honduras that had originally been sought by President Ronald Reagan.

The vote Friday was taken on an amendment offered on behalf of the administration to cut $4.4 million from the defense authorization bill for the 1985 fiscal year. Senator Jeff Bingaman, a New Mexico Democrat, had been expected to offer the amendment this week, but Senator John Tower, a Texas Republican, brought it to the Senate floor early Friday morning.

Mr. Tower said the administration had decided to re-assess the need for the funds. Recent large-scale training exercises involving U.S. and Honduran forces and the Reagan administration's efforts to build military facilities in Honduras have fueled debate about whether the president was seeking a temporary or permanent U.S. presence there.

An aide to Mr. Tower, who is chairman of the Senate Armed Services Committee, said Mr. Tower had consulted with the White House and determined that "there was no need to fall on our sword for this money." He said Mr. Tower had recently asked Mr. Bingaman not to bring up the amendment until next week, but decided Friday morning to offer it himself.

"It is clear the administration did not want a debate on the question of military strategy and U.S. policy in Central America," said Senator James R. Sasser, Democrat of Tennessee, who opposed the bases.

The funds would have paid for a $2.9-million army "pre-stock point" at San Lorenzo, Honduras, and a $1.5-million air force "forward munitions storage area" at Palmerola. A Senate source said both facilities were intended for weapons and equipment to be used exclusively by U.S. military forces.

■ **End of Exercises**

Richard J. Meislin of The New York Times reported from Tegucigalpa, Honduras:

The Granadero I exercises involving American, Honduran and Salvadoran forces formally ended Friday, and U.S. officials said the U.S. military presence will be lowered to fewer than 700 people from the current 1,700.

General John C. Scheidt Jr. thanked the Hondurans for "hosting us and our Salvadoran friends." He told the Salvadorans that "you have an armed force of which you can be proud."

Colonel Adolfo Blandon, El Salvador's military chief of staff, said the exercises demonstrated "what the countries of the free world, united, are capable of."

He also said, "The people, the governments and principally the armed forces of Central America must know who is the true enemy, the common enemy of all our countries," which he said was the Marxist movement in the region.

Although U.S. officials said they expected no new large-scale military exercises until after the November election, they said unannounced rapid-deployment exercises, such as parachute drops, were likely to continue.

AMERICAN TOPICS

That's Why They Call It a Uniform

Efforts being made in Congress to allow members of the armed forces to wear "unobtrusive religious headgear" such as Jewish yarmulkes, or skullcaps, are being criticized by the Pentagon. Top-ranking officers argue that exceptions for one group will lead to demands by other religious groups. The military would also have to decide which headgear is obtrusive and which is not, opponents contend.

An amendment allowing military personnel to wear the headgear, on a one-year trial basis, was passed by the House of Representatives as part of the 1985 defense authorization bill. Since then, Senator Orrin G. Hatch, Republican of Utah, has solicited support for an identical amendment when the Senate takes up the defense bill.

The amendment was introduced after a federal appeals court decision last month that upset many Jewish leaders. The court, considering the case of an air force captain who was disciplined for wearing a yarmulke, ruled that the armed forces have the right to determine dress for those on active duty.

Fruits of Labor: A Third for Taxes

The Tax Foundation figures that the average American works an hour and 43 minutes of the typical eight-hour day to pay federal taxes and 57 more minutes to pay local and state taxes.

Earning money for taxes takes the biggest chunk of the average worker's day, the private nonprofit organization said. The costs of housing and running a home come next at an hour and 34 minutes.

The worker also spends an hour and 4 minutes a day earning food, 42 minutes on transportation, 36 minutes on medical care, 21 minutes on clothing, and 20 minutes on recreation. Everything else, including private education expenses, religious activities and foreign travel, takes 43 minutes of the worker's day.

Saving the Children From 'Dial-a-Porn'

The Federal Communications Commission hopes it has come up with a solution to the problem of children calling up sexually explicit "dial-a-porn" phone services. A new agency rule restricts the services' hours to between 9 P.M. and 8 A.M., on the theory that parents are likely to be home then to supervise their youngsters' phone calls.

Alternately, dial-a-porn services can operate during daytime hours on the condition that they take only credit cards in payment for the calls.

Agency officials acknowledge that their solution is less than perfect, but it is the best they can come up with. The constitution's guarantees of free speech seem to prevent any *outright ban* on the phone messages; on the other hand, a 1983 law makes it a crime to use telephone facilities to transmit obscene or indecent messages to minors for commercial purposes.

Insulting the IRS Becomes Expensive

Taxpayers who are fined for writing insults or protests on their returns may be victims of overzealous interpretations of a new law, according to Internal Revenue Service officials. Anne McNally of Lakewood, Ohio, for example, paid her taxes in full but wrote on the return a protest against military spending and was fined $500.

More than 5,000 taxpayers are being fined for exercising the constitutional right of free speech on their tax returns.

Two years ago, Congress gave the IRS authority to prosecute people who file frivolous tax returns, like those which claim hundreds of dependents; claim a "frivolous position" as the basis for withholding information; declare "clearly unallowable deductions;" or deface the return so it cannot be read.

Larry Batdorf, an IRS spokesman, said prosecutors may have made a mistake. "Gratuitous insults would not be covered by the guidelines," he said.

Eyes of Texas On Education

Governor Mark White of Texas is seeking the biggest tax increase in Texas history for improvements in education in the state. He has called a special 30-day session of the legislature to considered a proposed $4.85-billion tax increase.

With its oil and gas revenues receding, Texas wants to lure more high-technology industry, but poor public schools are an obstacle. The state ranks 42d in the percentage of students who finish high school, 38th in spending per student and 30th in average teaching salary, although it comes in 17th in per capita income.

AP

Governor Mark White

Symbol of America, Made in Portugal

The American eagle features prominently on a $50 commemorative porcelain plate being hawked by the Republican National Committee as a "tasteful, elegant demonstration of support." But the flip side says "Made in Portugal," and that has brought a protest from Representative James J. Florio, Democrat of New Jersey.

In a letter to President Ronald Reagan, Mr. Florio complained about the importation of plates designed and manufactured overseas when there were plenty of U.S. companies, including Lenox in New Jersey, available to make fine china. Furthermore, he added, "they certainly know more about American eagles."

Californians Defeat Initiative on Israel

Voters in Berkeley, California, have defeated an initiative calling for a reduction in U.S. aid to Israel. The measure would have required city officials to urge the federal government to reduce its aid by the amount equal to the Israeli investment on settlements in the occupied territories. It was defeated, 21,279-12,107.

Budget Cuts Hardly Affect U.S. Projects

(Continued from Page 1)

that in some states, such as Missouri and Washington, there has been a redistribution of funds away from the larger cities to smaller communities and suburbs where most of the voters live.

Growing authority within state government has been accompanied by a growing independence from the federal government. In New Jersey, for example, Richard W. Roper, one of the authors, wrote, "The landscape after four years of the Reagan program has changed not so much because of the program but because of political and economic developments in the state that, arguably, are largely unrelated to it."

One reason, he said, was that Governor Thomas H. Kean, a Republican, has undertaken social, economic and environmental initiatives that go far beyond what Mr. Reagan has said he wants to do on the national level.

Richard P. Nathan, director of the project, said field research had been conducted "to determine where federal budget cuts and policy changes hit the ground."

When Mr. Reagan proposed giving authority to the states early in his term, there were charges that many of the federal programs would be eliminated in the process. Governor William J. Janklow of South Dakota, for one, said that combining 54 programs in education, health and social welfare at reduced financing under nine block grants for states to run was a fraud that could only result in failure.

What appears to have happened, according to the Princeton study and other evidence, is that the various interests that helped obtain the programs in Washington shifted their lobbying to the state level and have been more effective than was anticipated.

In the 1982 fiscal year, federal funds for programs under the Reagan initiatives dropped to $88.2 billion from $94.8 billion, the first absolute decline in federal aid in more than 25 years. For the next two fiscal years, however, Congress increased federal financing over Mr. Reagan's objections and it is estimated to reach $98.7 billion in the fiscal year that ends next October. Much of the increase was for construction and repairs of public facilities.

Most states have increased taxes and expanded domestic services, particularly for education and improving public facilities, after a period of austerity and cutbacks during the recession.

Yet the expansion varies widely from region to region and from state to state, according to the report.

In New York, for example, the state has taken a number of steps intended to replace federal cuts. Many of those recipients who were cut from benefits under Aid to Families with Dependent Children by the new federal standards, for example, received assistance under a general state program of home relief.

Dow Jones & Co. Pays $800,000 In Libel Action

New York Times Service

NEW YORK — Dow Jones & Co., publishers of The Wall Street Journal, the largest U.S. daily newspaper, will pay $800,000 to settle a $5-million libel suit brought by two former federal prosecutors who said they were defamed by Journal articles in 1979.

The payment, covered by the newspaper's libel insurance, is the largest reported settlement in a U.S. libel suit that did not go to trial. It is also the first known departure from The Journal's policy of contesting all libel actions through the trial process.

As part of the agreement filed June 7, the company acknowledged that it and the reporter, Jim Drinkhall, could not prove a major allegation reported in the articles: that the prosecutors, William K. Kramer and John M. Dowd, had harassed a prisoner connected with organized crime to force him to cooperate with an investigation they were conducting against a Las Vegas casino operator.

Transition Fund Paid Legal Fees For Haig Hearings

The Associated Press

WASHINGTON — The Reagan administration's private transition fund paid more than $86,000 for attorneys who represented former Secretary of State Alexander M. Haig Jr. at his 1981 Senate confirmation hearing, according to the foundation's records.

Financial reports of the Presidential Transition Foundation Inc. and the *Presidential Transition* Trust, which together raised more than $1 million in private donations, were released Friday.

The payment of Mr. Haig's legal bill of $86,047.93 was approved on May 20, 1981, by the foundation's directors. A source, who spoke on condition he not be identified, said Mr. Haig had refused to pay the bill from attorney Joseph A. Califano, who then submitted it to the foundation.

But a spokesman for Mr. Haig said that "Haig was never presented with a bill," and Mr. Califano confirmed this Saturday. He said it had been agreed in advance that "If there was a transition fund of some kind put together, I'd be paid from that. If it wasn't, I wouldn't be paid at all."

Judge Assails U.S. On School Accord

Los Angeles Times Service

CHICAGO — In a ruling marked by harsh criticism of the Reagan administration, a U.S. judge has said that the U.S. government reneged on a contract to help pay for school desegregation in Chicago and owes the school system almost $104 million.

U.S. District Judge Milton I. Shadur said that the "United States has broken its word" by refusing to provide financial aid after Chicago agreed to voluntarily end decades of racial segregation in a 1980 consent decree with the Justice Department.

Air Official Calls Atlantic Routes Safest

Reuters

UNITED NATIONS, New York — North Atlantic air routes are the safest in the world and past navigational errors do not justify any changes in systems, the head of the International Civil Aviation Organization said.

"I have no reason to reassess the safety situation in the North Atlantic, and I continue to believe that the North Atlantic routes are not among the safest air routes in the world, but the safest," Assad Kotaite, the ICAO council president, said Saturday.

Mr. Kotaite was interviewed for UN television following a report of a sharp increase in navigational errors, posing a risk that airliners might collide over the Atlantic when they were beyond the reach of ground controllers' radar.

Experts See Rise in Travel By Americans

By Ralph Blumenthal
New York Times Service

NEW YORK — A resurgent economy, a strong dollar and plentiful gasoline are pointing to one of the busiest summers in several years for domestic and foreign travel by Americans, according to government and industry experts.

Visits by foreigners to the United States are expected to rise slightly this year despite weakening currencies.

The special assistant to the under secretary of commerce for travel and tourism, Vivian Deuschl, said: "This is going to be an incredible year for Americans overseas."

The executive secretary of the Cape Cod Chamber of Commerce, Michael Frucci, agreed. "The outlook is extremely good," he said.

New York City is expecting about 5 million visitors, more than last year, according to Charles Gillett, president of the city's Convention and Visitor's Bureau.

"We're admitting it's going to cost you more, but it'll be worth it," Mr. Gillett said.

The number of new passports issued in the United States this year is expected to be a record 4.7 million, a 12-percent rise over last year's total, which in turn was up 16 percent over 1982, according to the State Department.

About 107 million Americans, about the same as last year, are expected to take at least one round trip of 200 miles (324 kilometers) or more this June, July and August, according to the U.S. Travel Data Center in Washington.

However, the boycott by the Soviet Union and other Communist bloc nations of the Los Angeles Olympics in July may reduce the number of potential visitors to the United States, while the World's Fair in New Orleans has resorted to price-cutting because of lagging business.

Russians Build a Copy Of U.S. Space Shuttle

The Associated Press

DALLAS — The Soviet Union has developed its own space shuttle the easy way — by copying the American orbiter, a former Defense Intelligence Agency official says.

"We've seen the [Soviet] orbiter *and it's identical to ours*," said retired Lieutenant Colonel Thomas H. Krebs, former chief of the agency's space systems branch. In a speech at a conference sponsored by a conservative think-tank Friday, he said that the Soviet Union will launch its space shuttle within a year or two.

Lieutenant Colonel Krebs said military experts believe the Russians simply bought a copy of space shuttle blueprints, then improved on the designs, boosting the vehicle's lifting power.

"The space shuttle was totally unclassified. Anyone could buy a set of plans. However, no one has been able to find the requisition," he said.

Lieutenant Colonel Krebs, now research director for High Frontier, a space education and lobbying group in Washington, said his remarks were based on recently declassified information about Soviet space capabilities.

He said the Soviet Union is far ahead of the United States in development of space-based weapons capable of destroying satellites and ballistic missiles. They are already testing two land-based laser beam weapons that can destroy satellites in low orbits.

The conference, sponsored by the National Center for Policy *Analysis in Dallas, included* a debate on President Ronald Reagan's "Star Wars" initiative, a $50-billion program to develop high-technology space defenses.

John Pike, associate director for space activities for the Federation of American Scientists, argued that high-technology defense systems using orbiting "killer satellites" are too vulnerable to provide a reliable defense.

But former U.S. Army General Daniel Graham, president of High Frontier, said, "We're not out to find a niftier way to fight a war in space. We can prevent nuclear war by using space for defensive purposes."

He estimated that a "Star Wars" defense could destroy 95 percent of Soviet missiles launched in a massive nuclear attack.

■ **Shuttle Flight Delayed**

The maiden flight of the space shuttle Discovery, scheduled June 22 from Cape Canaveral, Florida, was delayed Friday until at least June 25 at the earliest, so engineers can change one of its three main engines that has a loose heat shield, the Los Angeles Times reported from Los Angeles.

INTERNATIONAL Herald Tribune
Published With The New York Times and The Washington Post

Reagan's European Visit

President Reagan's week in Europe ran true to form. It was perfectly obvious that, heading into an election campaign, he was not going to make any commitments or concessions that would complicate his political life back home. *On the contrary, he was going to seek out* scenes with some emotional resonance to them and, in his alliance meetings, take up the role of leader. The Europeans, who are sensitive to American political realities, were inclined to *make the best of these circumstances.*

Unquestionably the high point was Mr. Reagan's tribute to the American soldiers who landed to help liberate Europe 40 years ago. It was impossible to watch him stand and speak *atop the now eerily pastoral Normandy cliffs* without feeling that the wartime enterprise was, unlike so many public causes today, totally comprehensible, unconditionally worthy. But there was much more to the moment than nostalgia. The ceremonial recollection of common striving is a powerful device for keeping the alliance spirit alive.

At the economic summit, good old reality reasserted itself. Very little seems to have been done about it. These summits — this was the 10th — are less for negotiation than for consultation *and general hobnobbing.* At any given session, one or more of the participants is facing re-election or some crisis, and the others tend to act as members of the club of incumbents. Most of the allies are aghast at the U.S. *deficits, since they pay heavily for them.* The Reagan administration's refusal to acknowledge a connection between deficits and interest rates is, as the French finance minister griped to the press, "not serious." Little of this *was reflected, however, in the formal state*ments of the summit. To put it another way, there was little that Mr. Reagan's Democratic opponents might get their hooks into.

So it went in London. The most substantive *step seems to have been a blessing for efforts* initiated by others, such as the International Monetary Fund, to ease the pain of Third World debt. There was only a fluttering of hands over the Gulf, though its oil is of do-or-die importance to the allies. Something earnest was said about East-West relations. Something roundabout was said about terrorism. A forgettable "Declaration of Democratic Values" was issued. Never mind the map: London seemed a very long way from Normandy.

— THE WASHINGTON POST.

Rationalizing the Primaries

The Democratic candidates stumbled across the finish line in a blur (last inning, fourth quarter) of sports metaphors. "Welcome to overtime," said Gary Hart. The end of the marathon, said Walter Mondale. Mr. Mondale's figure of speech was more apt. For one thing, given his delegate total, overtime is unlikely. For another, the campaign was much more an endless race than a game. There was *no halftime, no timeouts, no time for reflection* — just four months of chaos.

The 1984 primary campaign taught many lessons. The Democrats' re-reformed rules worked but need at least one big unreform: Campaign finance rules became, if anything, more pious and less effective, while television became vastly more effective. But probably no lesson was taught more frequently than the one about chaos. The spring campaign needs to be more rational, and there is an appealingly simple way to make it so.

Ration election days. You could have gotten jet lag just reading how often the candidates flew between New Jersey and California. It was enough to persuade us that the time has come for regional primaries, with several states in the same area voting on the same day.

Yet 1984 has demonstrated a big defect in this virtuous idea. What if the New England primaries had come on the same day? Gary *Hart swept the region and it would have had* an undue effect on the rest of the country. Likewise, had Middle Atlantic states voted on the same day, the undue dominance would have been for Mr. Mondale, who swept New York, New Jersey and Pennsylvania. But regionalizing is not the only form of rationalizing. Another is rationing.

Once upon a time, primary politics followed a comfortable calendar — New Hampshire in February, Florida in March, Wisconsin in April, Oregon in May, California in June. That has changed as the Democrats have opened their nominating process to every state. But all the resulting primaries, caucuses and conventions have been crammed willy-nilly into four months. The campaign need not be so chaotic.

Not according to a simple plan once proposed by Morris Udall, the Arizona Democrat, and the late John Ashbrook, Ohio Republican: Let each state pick its own date from a list of four: the first Tuesday in March, April, May or June. That would create four quarters, create some order, create time for reflection.

There are other lessons to be drawn:

Limiting delegates. Until this year, a candi*date had to get 10* percent of the vote to qualify to win delegates. This year, the threshold was raised to 20 percent. Too high, insists the Rev. Jesse Jackson, and he is right. He got about 20 percent of the vote but only 9 percent of the *delegates. So big a differential has an odor* to it, one that should be corrected with a 10-percent or 15-percent threshold.

Modernize the 1974 federal election law. The state campaign spending limits are invitations to hypocrisy and should be eliminated. Campaign staff members should not have to stay in Massachusetts motels to avoid having their bills count against their candidate's New Hampshire limit. And the national limit needs to be raised. It was created before the full flowering of the present nominating system.

Federal law is vague on spending by delegate committees of the kind that came to Mr. Mondale's rescue. It should be changed to make clear that these committees are not meant to be used to circumvent contribution and spending limits.

Recognize the rising role of television. Costly television commercials made some difference. But "free TV" was vastly more impor*tant, notably the dozen televised debates* through the course of the campaign. State by state, wary voters seemed to welcome the opportunity to see the candidates unvarnished and unguarded. There is a general election lesson here for both parties: Televised debates are becoming a primary locus of a campaign, and the public expects them.

Understand that voters are sensible. Some people despair for democracy because of low 1984 turnout figures, but both the figures and the despair are premature. Curtis Gans, who directs the Study of the American Electorate, says turnout was up where voters had reason to turn out, such as the blacks energized by Mr. Jackson's candidacy, or where competition was hot. Turnout was down where, as in California, voters were turned off by rule changes and the lack of Republican competition. The primary process needs some rationalizing but the voters do not.

— THE NEW YORK TIMES.

Other Opinion

After the London Summit

Whereas the Williamsburg summit hammered out a tough stance toward the Russians, the summit in London displayed not only continued unity toward Moscow but also showed flexibility in calling for a dialogue with the Soviet Union. What has impelled this change in Western attitude? First, the recovery of Western self-confidence due to the deployment of U.S. missiles to counter the one-sided massive Soviet deployment of SS-20 missiles. And second, the resurgence of anti-nuclear public opinion, popular movements and domestic politics in Western countries.

It is most probable that the Russians will not respond to calls for resumption of nuclear arms reduction talks before the election of the U.S. president in November. But we feel that after the election, major strides will be made in East-West *rapprochement.*

— The Daily Yomiuri (Tokyo).

The seven economic summiteers at least had to admit the daunting magnitude of the unemployment problem, even if they lack a solution. Most of the summiteers agree that a vigorous attempt to unclog market mechanisms must help raise employment. However, a really substantial reduction in Europe's unprecedented [unemployment] requires, as a matter of arithmetic, not only freer markets, but also much faster growth.

— The Financial Times (London).

Dissent, Broadcast or Stifled

The Sakharov case provides a stark contrast between the closed Soviet society and the often frenetically open Western ones. When prominent Americans such as Dr. Benjamin Spock or Jane Fonda dissent from government poli*cies, they are deluged with invitations to tele*vision talk shows.

Such coverage may be overdone. But compare it to the full text of the Soviet Academy of Sciences' response to inquiries about Mr. Sakharov: "The Academy of Sciences of the USSR has no information at its disposal on Sakharov's death. That is all."

No, that is not all. The world may not know whether Mr. Sakharov is alive in the Soviet Union. But it knows freedom is dead there.

— The Denver Post.

FROM OUR JUNE 11 PAGES, 75 AND 50 YEARS AGO

1909: The Woolen Schedule Debate

WASHINGTON — The session of the Senate [on June 10] was devoted to the woolen schedule. Senator Dolliver referred to the decision *by which corn plasters with a woolen edge* were classed as woolen goods. "Would you call corn plasters wearing apparel?" he demanded of Senator Smoot, amid laughter. When Mr. Dolliver referred to the duty on polka dot *goods Mr. Warren asked if the Senator said* anything about poker. "I hope," said Mr. Dolliver, with mock reproachfulness, "that the Senator won't introduce into the debate mysterious figures of speech with which I am *unfamiliar.*" Mr. Warren replied that if the Senator talked about the limit being raised on poker dots he wanted to get into the game.

1934: Austria Acts on Nazi Terrorism

VIENNA — The war between the government and Nazi terrorists reached a phase where a decision must soon be taken. The cabinet met *[on June 10] to discuss the situation and decid*ed to take stern measures against the terror offensive which has been ordered from Munich. All Nazis who are caught at sabotage will be court-martialed. In view of the passive *resistance shown by some government offi*cials, sixty-eight officials at Graz were dismissed. It was stated that this is only the beginning of disciplinary measures against many government officials throughout Austria who have supported the Nazi terror by showing indulgence to the terrorists or preventing their capture by the police.

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Democracy's Troubled Future in India

By James Traub

NEW YORK — At a time when Indians seem ever more ready to kill one another over religious, class, language and ethnic differences, the military assault on the Golden Temple in Amritsar looms as a frightening failure of the democratic process.

Both the government and leaders of the Sikh agitation proved all too willing to abandon civil discourse for armed force. But India cannot settle its manifold differences with gunfire; every violent act will beget a more violent reaction. Without a renewed faith in democracy, India, always deeply divided, may not survive as a cohesive nation.

After the slaying of hundreds of people in the temple, *including the Sikhs' most militant lead*ers, reconciliation between the government and Sikhs seems almost impossible.

Demands made by relatively moderate Sikh leaders over the last two years may have been *unreasonable but they were scarcely* nnnegotiable — a greater share of local river water; complete control over Punjab's now-divided state capital, Chandigarh; recognition in the constitution of Sikhism's status as a major faith. Initially, Mrs. Gandhi refused to negotiate. Failing to recognize the signs of passionate popular feeling in Punjab, she dismissed Sikh demands as grumblings of a defeated political party.

When it became clear that Sikh agitation would not disappear merely by being deprecated, *Mrs. Gandhi made several half-hearted attempts* at negotiation. This display of insincerity only stoked the Sikhs' anger, and the movement bloomed from civil disobedience into terrorism.

By the time she was willing to take seriously the political process of appeasement and conciliation, *the Sikhs were not. Her Congress-I Party* conceded on issues it once refused to discuss, but the violence continued. Thus, Mrs. Gandhi managed to turn a political situation into a military one. It was only when the moment called for guns *rather than compromise that she acted boldly.*

Perhaps the pile of corpses that has mounted up in recent weeks will persuade the Sikhs to call off their agitation; if so, Mrs. Gandhi's faith in the efficacy of force will be vindicated. Yet such *a dénouement seems likely only if one assumes,* as she does, that the Sikhs' aspirations were not serious in the first place. What seems more probable is that the Sikhs will continue to smolder with wounded ethnic pride, new leaders will replace those killed and jailed and the cycle of violence will start again.

The basic pattern of Mrs. Gandhi's political conduct can be seen in her insistence that Punjab's deep-seated grievances added up to nothing more than partisan power-mongering and nothing less than a challenge to her personal authority. She has consistently questioned the patriotism of opposition leaders and has tried to discredit or overthrow state governments run by one of the opposition parties. In 1983, several *thousand villagers* died in Assam, in the northeast, when she insisted on holding an election that intelligence officials advised her would tear the state apart. The root of India's problem is that Mrs. Gandhi seems unable to accept the legitimacy of any opposition: Compromise is foreign to her nature.

In the four months I recently spent traveling around India, I heard everywhere — from villag*ers, intellectuals,* fellow train passengers — virtual hopelessness about the ruling party's willingness to engage democratically the nation's social and economic problems. From party members I heard little beyond an automatic, quite chilling, obedience to the Gandhi line.

What India needs, says Mrs. Gandhi and party leaders, is strength, competence and single-mindedness; liberty, they say, is likely to degenerate into chaos. Yet the nation never has faced more chaos than it does today. Regional and ethnic loyalties are on the rise. The poor have been galvanized by years of promises; almost daily one reads of Untouchables, tribal villagers and others rising up against local tyrants. Something seems wrong with Mrs. Gandhi's argument.

India has survived as a stable nation since independence in 1947, precisely because it has had a democratic system, in which clashing ambition and expectation could be reconciled through voting and political pressure. Only by reaffirming this tradition can India keep its foun*dations* solid. If Mrs. Gandhi continues to seal her party, and thus the government, from competing ideas, she may hang on to power but India will be plunged ever more deeply into violence.

The writer is the author of "India: The Challenge of Change." He contributed this comment to The New York Times.

Sikhs, Hindus Must Learn To Live Together Again

By Rajiv A. Kapur

GENEVA — The Sikh-Hindu conflict is threatening the basis of Indian nationhood. Hundreds of people have lost their lives; the violence has hit at the foundations of secular India. In economic and geopolitical terms, too, the Sikh problem is of considerable importance. The Punjab, the Sikh homeland, is the wheat bowl of 700 million Indians. It also borders Pakistan, and provides the lifeline to disputed Kashmir.

And yet historically, the distinctions between Hindus and Sikhs in northern India were blurred. Guru Nanak, the founder of the Sikh faith, was a social and religious reformer in 15th-century India. He rejected what he saw as the idolatry, superstitions and taboos of Hinduism, and preached a simple and strict monotheism. But neither he *nor his nine successor Sikh gurus* rejected the essential Hindu beliefs of karma and rebirth. The *sikhs*, or followers, of the gurus remained within the larger Hindu framework. The 10th and last guru, Govind Singh, responding to Moslem persecution of his followers, instituted a militant brotherhood of Sikhs known as the *khalsa*. Baptism into the brotherhood was a martial pledge in the cause of righteousness. The baptism, performed by stirring holy water with a double-edged sword, would change the converts surname to *singh*, or lion, thereby asserting Sikh distinctiveness.

Five visible symbols, including uncut hair and the wearing of a dagger, were adopted to show solidarity. But Sikh converts otherwise continued many of the traditions and beliefs of the Hindus. Indeed, it was common for a Hindu family to pledge a son to the khalsa in response to an earlier plea to a Sikh guru for an heir. For more than 400 years the Sikh and Hindu communities remained complementary and overlapping.

The 20th century brought the de*volution of power to Indians* by the colonial British authorities. English-educated Hindus and Sikhs scrambled for posts in the newly formed legislative bodies and the civil service. The race for political patronage and office brought the beginnings of communal-political competition. As a part of a much larger Hindu community, Sikh leadership was of little consequence; but as a distinct minority group, the Sikhs had a platform to fight from. The British, concerned with maintaining the "purity" of this fiercely proud people, did much to foster an *independent Sikh identity.*

Among Sikhs, seats in the legislative bodies, posts in the civil service, and recruitment into the army were reserved for members of the khalsa. The struggle for independence saw Hindu and Sikh nationalists collaborate against the British Raj, but a growing communal consciousness periodically brought Sikh leaders into conflict with the Hindus.

In India today, the search for political meaning in terms of linguistic, ethnic or religious parochialism has continued. Sikh political leaders have not been immune to *this. Sikh demands have focused on* greater control of the Punjabi in the army, and on exclusive control of Chandigarh, the capital city that is now shared by Punjab and the neighboring Hindu state, Haryana.

Ironically, the success of the Sikhs in providing much of the backbone of the Indian Army and in transforming the Punjab into a booming agricultural economy have now become issues of contention with the central government. For the central government, Sikh numbers in the armed forces are already disproportionate and scarce economic resources must be diverted to less-developed regions.

For some, Sikh aspirations have *found an outlet in terrorism.* This finally provoked the assault on the Golden Temple; predictably, a violent reaction has ensued. And the bitterness of the reaction has been sharpened by the fact that the army, which includes Sikh soldiers, received orders to act against the Sikh extremists from India's president, Zail Singh, himself a Sikh.

Yet, the Hindu and Sikh communities in the Punjab remain closely bound by traditional culture and intermarriage. Few Sikhs would spurn Hindu beliefs without a heavy conscience. Punjabi Hindus continue to pay homage at Sikh shrines. It is time that Indians, Sikh and Hindu alike, reconsider the taking of sides where no real sides exist.

The writer, a senior official in the Office of the United Nations High Commissioner for Refugees, is author of a forthcoming book on the Sikhs. He contributed this comment to the International Herald Tribune.

Drawing by Lurie.

A Propitious Time to Seek Cures for Central America

By José Figueres Ferrer

SAN JOSE, Costa Rica — This seems to be a good moment to find a solution to a Central American problem that is, at least for some of us, more than 50 years old. Why now? Because after long neglect, all parties concerned, including the United States, have "discovered" the problem. They are all worried now, and even fed up with the inevitable consequences of past mistakes.

This is not the moment to blame anyone — neither the United States nor the unhappy little countries of the region — for ancient mistakes. It is time, now that the effects are so visible to all, to correct the causes of backwardness. What all the combatants need *now* — in *addition to* economic and political reforms — is a way out, a way to save face.

The time may be particularly propitious. The weight of the American nation in this continent is so great that no change of course can take place here until the United States decides to do for the rest of Latin America what it is now doing in El Salvador. The United States must *stand for more than just "private* business." It must exemplify and encourage a type of society, a political philosophy, a juridical system.

Speaking for myself — and not the *Costa Rican government* — I find that both the U.S. and Nicaraguan governments are too heavily committed to their respective positions. Nicaragua claims absolute sovereignty to bring about a revolutionary process that involves profound transformations in its society. The United States is preoccupied with its status as a world power, virtually at war with another world power, and it feels it cannot tolerate, on its borders, governments allied to its rival.

Central America is caught in the middle of something sadly reminiscent of the ancient struggle between Rome and Carthage.

It has become trite to say that what is needed today is a better understanding between the superpowers. But this is particularly true in Central America, where only such an understanding can help relieve the tensions destroying our region.

I was in Managua recently, at the invitation of my friends in the Sandinist government, looking into relations between Nicaragua and Costa Rica. I have also had a great deal of contact with El Salvador, as an official observer at its recent elections, and I maintain a good friendship with the governing Christian Democratic Party, among others. All of this convinces me that an understanding could be found between the Sandinists and the Salvadoran government of President José Napoleón Duarte.

Such an understanding would require good will and a great deal of flexibility on all sides. It could also offer advantages for all, providing a way out for both the United States and Nicaragua. Both may need it.

As part of this deal, Nicaragua should be required to make good on its repeated promises to hold honest elections, well-observed internationally, as El Salvador has done.

It would also be indispensable to discuss any such arrangement — in good faith and before it was sealed — with the Salvadoran guerrillas. They, too, would need guarantees on the part of Mr. Duarte's government.

But even such an understanding cannot alone bring an end to the regional crisis. I suggest several steps to be taken in the longer run.

First, talks between the Soviet Union and the United States would be extremely useful, particularly if the Russians could reassure the Americans that they had no strategic or political interest in the region.

Second, the governments and political parties of our small countries must begin to pare down their aspirations for fast and sudden social change. Some transformations are indispensable, but they must be gradual. In this, U.S. support for Salvadoran agrarian reform is encouraging.

Finally, the tiny economies of Central America cannot hope to provide adequately for the well-being of their peoples until the developed and developing countries improve their economic relations. The major economic problem of El Salvador, for example, is the low price of coffee, which is determined largely by the international quota system.

Everybody is fed up with the Central American struggle. The alternative to a negotiated settlement is a bloodbath now, followed by perhaps another half century of instability. Neither the United States, the Soviet Union, Cuba nor the small countries in the region can afford this.

The writer was Costa Rica's president in 1948-49, from 1953 to 1958 and from 1970 to 1974. He contributed this comment to The New York Times.

A Landslide in the Making for Reagan?

By Joseph Kraft

WASHINGTON — The primary elections last Tuesday marked the end of the beginning. Walter Mondale has a sure grip on enough delegates to win the Democratic presidential nomination in San Francisco next month.

But the voting, and especially Mr. Mondale's setback in California, also prefigure the beginning of an end. *For Mr. Mondale is heading* for a loss to President Reagan that seems likely to bury what has been the dominant element in the Democratic Party.

The benchmark is 1980. Though Mr. Reagan won a huge majority in the electoral college, the popular vote was close. But he was running against an incumbent, and he was *not all that well-known. As a former* actor with close ties to the right wing, he was suspected of not being up to the White House job. Some saw in him a threat both to peace *and economic stability.*

Since then Mr. Reagan has neutralized the negatives. Economic recovery runs strong. There is no plausible threat of general war, and the president has shown nimbleness in pulling back from flare-ups in the Middle East and Central America.

On top of that, he is genuinely liked. His appearances at functions such as the D-Day ceremonies generate warm feelings.

Lastly, there is an electoral college tilt. Except for the freak Johnson-Goldwater election of 1964, the Republican Party has had a lock on the rapidly growing states west of the Mississippi.

Even in a close contest for the popular vote, Mr. Reagan would sweep through in the electoral college. So he has in hand all the elements of a landslide.

Huge leads, to be sure, can be overtaken. Gerald Ford came from *30 points behind in 1976 to finish* almost even with Jimmy Carter. But the Democrats are in a poor position to match that achievement.

Mr. Mondale has come across as a *faltering leader, shrill in speeches* and with little capacity to project his wit or intellect. While he has the delegates to go over the top, and probably to hold solid majorities on *the various convention committees,* he has not so much swept to victory as stumbled through by backroom deals. The loss to Gary Hart in California not only offset the big win in New Jersey, *it reminded the* world that Mr. Mondale has also lost such big states as Massachusetts, Florida and Ohio.

Inevitably, the Democratic Party remains divided. Mr. Hart has no chance of winning the nomination, but he cannot easily drop out. Jesse Jackson, by continuing as a candidate, has an opportunity to nail down his claim to be the nation's top black leader. So the jostling for position that has already turned off many voters will continue.

A successful convention — such as the one that Mr. Ford enjoyed, with Betty Ford dancing in the aisles — is not likely for Mr. Mondale. Indeed he may be upstaged. Mr. Jackson, a star performer, will give a speech in prime time. Mr. Hart will be a presence. So will Governor Mario Cuomo of New York, a possible keynote speaker.

The choice of a vice president offers little scope for breaking the bind. Mr. Hart, Mr. Cuomo, Senators Lloyd Bentsen of Texas and Dale Bumpers of Arkansas, plus the Chrysler chief, Lee Iacocca, are much mentioned in the Mondale camp. But none could help him the way Lyndon Johnson helped John Kennedy in 1960.

In the next few weeks, Mr. Mondale will be working full-time to pull the party together. It is an uphill task. What seems more likely is that Mr. Mondale will be the last of a breed. His stumbling campaign for the nomination suggests that the tax-and-spend Democrats, who looked to government as the great equalizer of wealth, are passing from the scene.

Los Angeles Times Syndicate.

World Debt: Don't Let the Hapless Sink

By Flora Lewis

LONDON — The world's industrial giants agree that the most immediate threat to everybody's economy is the huge Third World debt.

Shades of chain-reaction defaults in the 1930s, which brought a general crash, darken the outlook of even the cheeriest Reaganauts, advocates of free-market orthodoxy. But there was no real consensus at the annual seven-nation economic summit meeting here on what to do about it.

The United States has accepted the need to allow what it considers de*serving countries to stretch out their* obligations over several years, giving them a chance both to produce for their own people and to repay. The lesson of World War I reparation debts, which contributed to the Depression, has been learned at least in part. No matter how great their share of blame for their troubles, debtors cannot pay if they cannot earn.

But Washington insists that help be doled out carefully on a "case by case" basis, in Treasury Secretary Donald T. Regan's words, as "an important reward and incentive" for stiff domestic austerity measures, even at the risk of social explosions.

Seven major Latin American debtors will meet soon in Colombia to discuss an approach to their creditors. Argentina has so far refused to sign an International Monetary Fund agreement because President Raúl Alfonsín fears the tough terms will provoke upheavals and undercut his nation's new democracy. The military dictators took the loans, but Mr. *Alfonsín must face the consequences.*

The oversimplified issue is whether "good" conservative behavior now is to earn indulgence and recalcitrance to be punished, or whether it is more important to get the world's financial system out of its mess than to punish the victims.

There is plenty of blame to go around. The jump in oil prices and the fall in commodity prices over a decade squeezed many countries. The method used to "recycle" huge petrodollar profits brought short-term relief but aggravated the imbalance. Western banks took the deposits and *responsibility for loaning them out,* usually on a lucrative short-term basis. Governments were urged to borrow, often on standards the banks would never apply to private credits, since they assumed that governments would never be allowed to go broke. Many governments mismanaged the funds, some through corruption, inefficiency and overambition, some by sheer squandering, as was the case with Argentina, which wasted huge amounts on arms and atoms.

Meanwhile, the recession shut off markets, U.S. interest rates soared, multiplying the cost of debt. It is calculated that every 1-percent rise in American interest rates now adds $4 billion to world debt. The way things are going, by 1986 the big borrowers will need a constant supply of new money just to keep paying interest, a spiraling drain that would cut off hope for development and growth.

The Reagan administration assures all that interest rates will soon come down. Everyone else is skeptical as long as the budget deficit is immense and the dollar is high. France, among others, urges the United States to give the monetary fund more resources to tide debtors over the painful bump. Blaming Congress, Washington refuses.

The prime U.S. recommendation is for debtors to tighten their belts and woo private investment. Washington argues that American recovery and Reaganomics will eventually cure all.

The United States endorses only short-term or partial measures to stave off crisis. It assumes that creditors operate in classic free-market *competition, balancing demand and* supply. In fact, both bankers and governments, particularly in Latin America, have acted like sheep, hustling to get to the front of the flock but all in the same direction. First, too much credit was shoveled out, now too little.

There are new lessons to be learned if the specter of a crash is not just to be postponed from year to year. The market has not enough foresight to achieve the needed balance.

International institutions must provide it. The IMF, in cooperation with expanded World Bank support, should monitor the takeoffs and climbs as well as come to the rescue in crisis. It need not impose conditions before the sirens wail, but it should watch the growth of debt and use of credit, issuing timely danger signals.

That would have a powerful influence on private banks, always attentive to credit ratings of private customers. The world economy is too intertwined to let the morass of debt swallow the hapless. Without a U.S. lead of more than do-it-my-way, the swamp still menaces all.

The New York Times.

LETTERS

Wishful We-Thinking

Regarding "We Think They Think We Think" (June 1):

Ellen Goodman urges more concrete and effective dialogue between the United States and the Soviet Union. This is all the more necessary since, as she says, the two countries have more than the capacity to blow up the planet.

Yet one wonders if she has not induced herself into some kind of wishful thinking. The current tension between the United States and the Soviet Union is a deplorable situation, but it cannot be alleviated by simply placing the leaders of the two countries together at a negotiating table. Lack of communications arises as a result of a situation of tension and not the other way around. And the causes of tension are complex.

NGUYEN TRONG THUY.
Paris.

(More Letters, Page 5)

Italy Said to Conclude Bulgaria Agents, Turks Planned Pope Shooting

The Associated Press

NEW YORK — Mehmet Ali Agca's attempt on the life of Pope John Paul II was arranged by members of Turkish criminal and neo-Nazi groups and by Bulgarian agents who hoped that the pope's death would fragment tha independent labor movement in Poland, The New York Times reported Sunday.

According to The Times, a secret 78-page report by the Italian state prosecutor, Antonio Albano, which seeks the indictments of three Bulgarians and six Turks, concluded that the Bulgarian secret service recruited Mr. Agca to shoot the pontiff.

Mr. Agca was promised more than $400,000 and arrangements were made for him to escape afterward, but he was captured and never received the money. Apparently feeling abandoned, Mr. Agca in 1982 began to cooperate with Italian authorities, said the report, quoted in an article by Claire Sterling, an American author and journalist.

NBC News also obtained a copy of the report and in a May 25 broadcast said that the attempt on the pope's life was arranged by Bulgarians who feared the spread of the Solidarity labor movement to other East European nations. Mrs. Sterling's article included extensive details from Mr. Albano's report, which was based on 25,000 pages of documents gathered during an Italian judge's investigation.

Bulgaria has denied any involvement in the shooting, contending that such reports are part of a Western plot to discredit it.

Mrs. Sterling is the author of a book, "The Time of the Assassins," published in January, which summed up her theory that Bulgaria, and ultimately the Soviet Union, were behind the May 13, 1981, shooting in Saint Peter's Square.

Mr. Albano's report noted the "social convulsions" caused by the rise of Solidarity and said Poland's "ideological collapse" was due in large part to the nation's deep religious faith, sustained by the elevation of the first Polish pope.

The prosecutor did not address the question of Soviet involvement. His report called Mr. Agca "the material executor of a broader conspiracy" and said, "In some secret place, where every secret is wrapped in another secret, some political figure of great power" took note of the rise of Solidarity and "mindful of the needs of the Eastern bloc, decided it was necessary to kill" the pope.

As outlined by Mrs. Sterling, the report traced Mr. Agca's history from his association with members of a Turkish criminal ring and the Gray Wolves, a nationalist neo-Nazi group, to a July 1980 meeting with a Bulgarian secret service agent. The meeting was set up by Bekir Celenk, a Turkish crime leader, and attended by Oral Celik, a leader of the Gray Wolves, the article said.

The Bulgarian secret service agreed to pay roughly $1.25 million to Mr. Agca and members of the Gray Wolves to organize and execute the plan, the article said.

The report also followed Mr. Agca's trail through Europe before the assassination attempt, a journey apparently designed to cover his tracks, and detailed his meetings with various Bulgarian officials in Rome.

Mr. Agca is serving a life term in an Italian jail for the shooting. Mr. Albano's report is to remain secret until the judge issues his own report and rules on whether there will be a trial of the Bulgarians and Turks whose indictments are sought.

Beijing Bishop Rebukes Vatican

Reuters

BEIJING — The Vatican is trying to undermine the Catholic Church in China, the bishop of Beijing said in an interview published here Sunday.

"In recent years," Bishop Michael Fu Tieshan said, "the Vatican has assumed the posture of rapprochement with Chinese Catholic churches but at the same time it has tried to use every possible opportunity to carry out divisive and subversive activities, both overt and covert."

The Catholic Church in China severed ties with the Vatican in 1957 when the government required religious bodies to end allegiances to outside authorities. On a tour of Asia this year, Pope John Paul II said he wanted to improve ties with China's estimated three million Catholics.

Twin Stations in Europe Expanding

U.S. Raises Funds of Radio Free Europe, Radio Liberty

By James M. Markham

New York Times Service

MUNICH — After years of retrenchment and self-effacement following the disclosure in the early 1970s of Central Intelligence Agency financing, Radio Free Europe and Radio Liberty are being expanded by the Reagan administration.

The once barracks-like headquarters of the twin radio stations here is being refurbished, after a $21.3-million supplemental appropriation by Congress.

Three correspoodents have been sent to Afghanistan to interview Soviet defectors, and a full-time office will soon be opened in Pakistan to monitor the Afghan guerrilla war against the Soviet-installed government of President Babrak Karmal. A new correspondent will be based in Hong Kong to keep tabs on Soviet moves in the Pacific.

There is also a buildup in the sections dealing with the languages spoken by the Islamic peoples on the southern rim of the Soviet empire.

The changes appear to have bolstered morale among many of the stations' 1,674 polyglot staffers, who broadcast in 21 languages to the Soviet Union and its East European allies. But for others, the advent of a conservative, ideologically activist management closely tied to the Reagan administration has caused concern that the stations, set up in 1950s, are losing their political autonomy and professionalism.

Two years ago, a law pushed through by Senator Claiborne Pell, Democrat of Rhode Island, making the radio stations responsible to the semiautonomous Board for International Broadcasting in Washington, in fact gave the administration a firmer hold.

Frank Shakespeare, the chairman of the broadcasting board, also became chairman of the two radio stations, and James L. Buckley, the former New York senator, was named president. George Bailey, an American, became the head of Radio Liberty, which broadcasts solely to the Soviet Union.

To lead Radio Free Europe, which beams its programs to Eastern Europe, the board selected George R. Urban, a longtime British radio broadcaster of Hungarian extraction.

Mr. Bailey removed the U.S. supervisors who had traditionally watched over the copy broadcast to the Soviet Union. "It has to be an Uzbek who has to decide what Uzbeks want to hear and not a sunburned American from Iowa," he said.

The newly promoted Soviet-born desk editors liked the Bailey changes. But, as few of the editors have wide journalistic experience, their promotion was attacked. Some of the sharpest criticism of Radio Liberty comes from East European émigrés at Radio Free Europe, who privately air views that "backward Russians" can be heard in Warsaw, Prague or Budapest.

UPI

James L. Buckley

Mr. Buckley said the innovations had "increased the self-confidence" of some services.

"In our broadcasts, we let the Soviet Union speak for itself," he continued. "You're dealing with audiences that are supersensitive to the propaganda tone and to ideology."

U.S. Scientists Cancel Meeting With Russians

Group Assails Treatment of Sakharov; Official Responds With 'Regrets' Note

By Cristine Russell

Washington Post Service

WASHINGTON — The National Academy of Sciences, the most prominent honorary organization of scientists and engioeers in the United States, has canceled talks with its Russian counterpart in a show of concern over the treatment of Andrei D. Sakharov, the dissident scientist.

The president of the academy, Frank Press, who was to have led a delegation of U.S. scientists to Moscow last week, said the group's 17-member governing council decided to postpone the meetings indefinitely, "pending positive resolution of the Sakharov situation."

"It's an importaot symbolic thing we had to do," Mr. Press said. "Hopefully, it will have an impact but one doesn't know. This is the final act of a long series of communications where we told them how concerned we were and how important a world figure he is to us.

Mr. Sakharov, a winner of the Nobel Peace Prize and an associate of the 1,400-member U.S. Academy, has reportedly been on a hunger strike sioce May 2 in an effort to win permission for his wife, Yelena G. Bonner, to go abroad for medical treatment. The status of his health remains uncertain. His wife suffers from eye and heart disorders.

Mr. Press sent a telegram Friday to the president of the Soviet Academy of Sciences, A.P. Aleksandrov, notifying him of the decision.

A National Academy spokesman said Mr. Press received a five-word response from Mr. Aleksandrov, saying: "I received your telex. Regrets."

The Moscow talks were designed to discuss the renewal of meetings between the two academies. A moratorium on joint sessions had been in effect since February 1980, just after the intervention in Afghanistan, and a formal exchange agreement between the groups expired in 1982.

The U.S. academy's action does not stop scientific exchanges. A State Department official said official U.S. exchanges of scientists with the Russians were continuing under agreements covering areas from agriculture to artificial hearts.

William Carey, executive director of the American Association for the Advancement of Science, said his group had also protested about the Sakharov situation but had received no official reaction from the Russians.

He said he felt the action by the U.S. academy could have an impact, since "the loss of the contact, or at least its suspension, is a matter of real grief to the Soviet Academy."

"It may not extricate Sakharov but it is likely to strengthen the resolve of his brothers in the academy to stand by him to the limit of their ability," he said.

300 Swiss Protest Papal Visit

The Associated Press

BERN — About 300 people, objecting to Vatican policies on women, homosexuals and the Third World, demonstrated Saturday in the Swiss capital against the six-day visit to Switzerland by Pope John Paul II that begins Tuesday.

U.S. Author Disputes Findings About Aquino

By Robert Welkos

Los Angeles Times Service

LOS ANGELES — An American author who investigated the assassination of Benigno S. Aquino Jr. has told an official Philippine fact-finding board that the government account of the slaying is at odds with recordings made at the scene of the killing.

Steve E. Psinakis of San Francisco, a critic of the regime of President Ferdinand E. Marcos, said recordings made by journalists Aug. 21 at Manila International Airport showed that three seconds elapsed between the shot that presumably killed the opposition leader and the first of the flurry of shots that killed Rolando Galman, the alleged assassin.

Mr. Psinakis, testifying Friday before the five-member board in Los Angeles, said the government version of the crime indicated that only one second elapsed between the first and second shots.

The board, headed by retired Justice Corazón Agrava, held five days of hearings in the United States on Mr. Aquino's assassination.

The autopsy conducted on Mr. Galman's body showed he was shot three times from the rear — twice in the back and once in the back of his head. But Mr. Psinakis contended that by the government's version, Mr. Galman would have been flat on the ground facing up when Sergeant Rolando de Guzman first shot him.

"It's impossible," Mr. Psinakis said. "If this was Guzman, he could not have fired at Galman since he was already on his back on the ground in one second."

Critics say that Mr. Galman was killed before the assassinatioo and that his body was dumped on the tarmac and shot repeatedly to make it appear as if he had been the gunman. They say Mr. Aquino was shot by a government hit man.

Mr. Aquino was killed by a bullet that struck him behind the left ear as he was being led by a military escort toward a van. He had just returned from self-exile in the United States and had been warned of plots to kill him.

Shopping Lines Putting Strain on Soviet Marriages

Reuters

MOSCOW — Russians are spending more ome standing in line for basic goods than 10 years ago and the strain of shopping is a major cause of marital conflict, the Soviet daily Pravda reported.

As a whole, Russians now spend a total of 37 billion hours a year standing in line compared with 30 billion in the mid-1970s, the Communist Party newspaper said Saturday.

The average Soviet adult spends about 190 hours a year in lines.

It quoted one reader as saying that many family dramas could be avoided "if only it were possible to buy all basic goods round the corner or go out and get a decent meal in a café."

The newspaper said the biggest single cause of marital stress was the attitude of Russian men, who generally still refused to share household chores and child rearing with their working wives.

Another source of strain was the lack of modern household equipment, which means most cleaning and cooking had to be done by hand.

Sri Lankans Are Split Over Deal With Israelis

Reuters

COLOMBO, Sri Lanka — The Sri Lankan government has outraged opposition parties and the island's Moslem minority by inviting the Israeli secret service to train its security forces.

Critics are especially upset because Sri Lanka severed diplomaoc ties with Israel 14 years ago, calling on it to withdraw from occupied Arab territory. They fear this latest move may anger the nation's Arab allies.

The government headed by President Junius Jayewardene, which came to power in 1977, maintained the anti-Israeli policy and developed close relations with Arab countries.

On May 31, however, the Foreign Ministry announced that Mossad, Israel's secret service, would advise the Sri Lankan security forces on intelligence gathering and anti-guerrilla warfare.

Sources said some military units were being trained in commando operations by former British special forces. "This is a purely private arrangement and the British government has nothing to do with it," they said.

Separatist guerrillas are fighting to get their own state for the minority Tamils, who make up 2.5 million of the island's 15 million people. The majority Sinhalese number about 11 million and there are about 1 million Moslems, most of them of Arab origin.

The killing of 13 Sinhalese soldiers in July by Tamil guerrillas caused ethnic violence that left nearly 400 people dead.

Government spokesmen have said that the guerrillas are trained in camps in southern India, 20 miles (35 kilometers) from Sri Lanka's northern coast. India has denied the charge but the dispute has strained relations between the two countries.

The attack on the latest government maneuver was led by Sirimavo Bandaranaike, the former prime minister who originally cut ties with Israel in 1970.

She said involving the Mossad "may only lead to bringing the Arab-Israeli conflict and all its violence to our homeland."

LETTERS TO THE EDITOR

(Continued From Page 4)

On Safire's Side

Regarding the opinion column "When a Knee-Jerk Interventionist's Knee Won't Jerk" (May 29):

William Safire seems embarrassed at the "onset of inconsistency." In a mood of self-accusation he quotes Joseph Addison and, for self-exculpation, invokes Walt Whitman. But where is his Ralph Waldo Emerson when he is needed? Mr. Emerson has always been on the side that Mr. Safire takes. In his essay "Self-Reliance," he wrote: "A foolish inconsistency is the hobgoblin of little minds, adored by little statesmen and philosophers and divines. With consistency a great soul has nothing to do."

SCOTT CHARLES.
Geneva.

Most Americans I've spoken to embrace William Safire's "isoventionism" as a sound, constructive policy that would earn respect for the United States.

Isoventionism: "Fight the good fight and fight it to win; we should scrupulously avoid fighting any unnecessary fights at all." What genius. Safire for secretary of state!

RAY BAILEY.
Munich.

Pricing the Treatise

In his art market feature "Prices Swing Wildly on Islamic Works" (April 21) commenting on the sala at Sotheby's of an Arab treatise on falconry, Souren Melikian finds the price £32,355 (about $45,000) "astonishing" in view of the date at which the manuscript was copied.

As purchaser of this remarkable book, we feel entitled to set the record straight. Mr. Melikian correctly notes that the manuscript was miscatalogued as "dated 1223." Sotheby's notified prospecóve bidders of a correction, posted a ootice to this effect and made a salesroom announcement that it was copied from a text dated 1223.

Mr. Melikian wrote, "The paper rules out any date earlier than the 16th century, the 17th or 18th seeming more likely. That makes the price astonishing."

Sotheby's highly qualified expert, Nabil Saidi, provided Mr. Melikian with a written report prepared at their request by Dr. Julius Grant, an analytical chemist and authority on inks and paper, and one of the experts whose examination of the "Hitler diaries" led to the conclusion that they were forgeries. Regarding his tests, Dr. Grant states, "The results obtained are consistent with those likely to be found in a paper of the early 13th century," adding, "my work does not exclude a date later than A.D. 1223, and I have difficulty in stating how much later. It seems likely that papers of the 17th century and later can be excluded."

Also, Mr. Melikian cannot have overlooked a title page annotation obviously added after the text was written, giving the date 933 A.H. (1526 A.D.). He ignores the evidence that this manuscript was copied after 1223 but before 1526, suggesting instead that it dates from the 17th century or later.

Rather than implying that Sotheby's was misleading and that the buyer overpaid, it might have been more interesting had Mr. Melikian noted the rarity of this text, which relates how the Byzantine emperor sent a book on bawking to the Abbasid Caliph, al-Mahdi (who ruled from 775 to 785 A.D.), who in turn commissioned his court falconer, Adham ibn al-Bahili, to compile a comprehensive study based on Byzantine Turkish and Persian sources. A copy of this work was translated into Latin by order of Frederick II. It deals exhaustively with such subjects as care of young birds, feeding, treatment of illness and damaged feathers, and the training and use of hunting birds. No other copy in Arabic is known to have survived; once a full translation is completed a fascinating comparison with the Latin text will be possible.

OLIVER HOARE
and DAVID SULZBERGER.
London.

Mr. Melikian replies:

The fact that a huge or a low price is paid does not establish by itself that it is the right price — or else no one would talk of bargains or overpayments. Mr. Saidi, with whom I discussed the manuscript, expressed delight and surprise at the price.

The Arabic colophon states that it was "copied from" a manuscript dated 1223. It is not of that period. The paper is unusual for early manuscripts, of which I have handled many as a historian. The report, cautiously worded, was inconclusive. It was drawn by specialists whose expertise lies essentially in Western manuscripts — such as the "Hitler diaries."

U.S.-German Relations

The article by John Vinocur ("Intellectual Europe Changes Sides on U.S. as Hero or Ogre," May 16) on the relationship between Western Europe and the United States insults your readers' intelligence.

To claim that the Greens are anti-West or anti-American is wrong. The U.S. civil rights movement has been one of our major inspirations. At a rally in Bonn last September against the stationing of cruise and Pershing-2 missiles, the speakers receiving the warmest applause were a U.S. congressman and two American winners of the Nobel Prize.

J. von UEXKULL.
Greens candidate
for the European Parliament.
London.

The changes in German attitudes toward the United States deserve honest, unselfrighteous inspection. As an American living for over 25 years in Germany, I too can testify that the esteem the United States once enjoyed has decreased in the last three or four years. The aspects of American culture and politics that trouble German and other European intellectuals also trouble many American intellectuals. Are we anti-American, too? Mr. Vinocur fails to address the issues.

SUE DURR.
Munich.

An Affront to Jefferson?

James Reston's opinion column ("How Does Nice Reagan Last? With Simple Answers," May 21) was a new low. First comes the superficial idea that the president will win again because he is a nice guy. Can Mr. Reston really be so arrogant and condescending as to believe that the American people vote on that basis rather than in response to four years of administration activity?

Then Mr. Reston offers the idea that the Founding Fathers established the separation of powers because the majority of the people was not always to be trusted. Thomas Jefferson would turn in his grave at this reversal of his ideas.

BILL WAGNER.
Libreville, Gabon.

International Bond Prices - Week of June 7

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston
Prices may vary according to market conditions and other factors.

RECENT ISSUES

Amt	Security		Str/Conv	Mat		Issue Pr.	Mid Pr.	Yield
mkr 200	Finland	11¾	%	'86 Jan	4	100	99½	11.50
$ 100	Caisse Nat Cred Agri	13¼	%	'91 May	4	100	97¼	13.87
$ 75	Girozentr Sparkassen	13¾	%	'91 May	6	100	98½	12.58
$ 80	Japan Air Lines	12⅞	%	'94 May	5	99¾	94¾	13.36
$ 100	Union Bk Switzerland	12¼	%	'91 Jun	5	100	98¾	12.57
dm 150	Ireland	8¼	%	'93 May	5	99½	98¼	8.43
$ 125	Coast Fed Intl Fin	12½	%	'88 May	4	100	96⅞	13.46
dm 100	Skf Goteborg	7¾	%	'89 May	6	100	97	8.12
$ 100	Florida Fed Savings	12¾	%	'89 May	5	100	99	12.93
$ 100	Creditanst Bankver	13⅛	%	'91 May	5	99¾	98	13.57
dm 150	Gould Intl Finance	7¾	%	'91 May	5	100	98	8.80
$ 100	Denmark	13	%	'91 May	5	100	96¾	13.65
$ 100	Klm Holland Air Lines	12¾	%	'91 May	5	100	91¾	14.28
dm 100	Intl Standard Elect	7½	%	'94 May	5	100	97½	7.88
$ 100	Kyowa Finance (hk)	12⅞	%	'86 May	4	99¾	98¾	13.15
$ 100	American Savings Intl	12¼	%	'89 May	4	100	97¾	12.42
$ 500	Texaco Capital 20.00	11¼	%	'94 May	c	100	96	
130	Air Canada	11¼	%	'94 May	5	100	90	12.31
$ 80	Sumitomo Corp	5½	%	'99 Mar	c	150	93	
ym 20	World Bank	7	%	'94 Apr	5	99¾	96½	7.50
$ 30	Fujikura Cablew Cu/w	7¼	%	'86 May	5	100	80	12.47
$ 30	Fujikura Cablew Ex/w	7¼	%	'89 May	5	100	76¼	14.79
$ 30	Japan Synth Rubb Cu/w	7⅛	%	'89 May	5	150	89½	10.82
$ 50	Japan Synth Rubb Ex/w	7¼	%	'89 May	5	100	79½	13.48
dm 250	Sweden	7⅛	%	'94 May	5	100	96	5.27
dm 100	Mount Isa Finance	7⅛	%	'92 Apr	5	100	98¼	8.05
$ 100	Mitsubishi Corp	17½	%	'91 May	5	100	96⅝	13.49
$ 150	Sumitomo Finance	12¾	%	'91 May	5	100	97½	13.31
$ 100	New Zealand	12⅞	%	'85 Apr	5	99¾	97¾	12.51
cn$ 30	Canadian Imperial Bk	12¾	%	'85 May	5	100	94	13.31

STRAIGHT BONDS
All Currencies Except DM

AUSTRALIA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	Australia	7½	'86 Sep	98½	14.17		7.61
$ 125	Australia	8¼	'86 Dec	98½	11.51		8.38
$ 25	Australia	5½	'85 May	25	11.51	11.50	5.79
$ 25	Australia	5¾	'85 Nov	25	9.44	11.70	4.05
$ 30	Australia	8¾	'86 Jan	94	12.24		9.31
$ 120	Australia	8½	'86 Oct	93¾	11.91		9.12
$ 100	Australia	11¼	'89 Oct	97¾	11.75		11.51
ym 15	Australia	8½	'91 Aug	104¼	7.71		8.15
$ 30	Australia	8¾	'91 Oct	87	11.41	13.00	10.06
$ 150	Australia	8⅞	'92 Sep	80¼	12.15	14.41	10.38
ym 15	Australia	8¼	'87 Oct	104½	7.07		8.25
$ 300	Australia	11½	'90 Oct	40	13.22		12.71
$ 75	Australia	7¾	'90 Jun	11	12.95	14.17	11.05
$ 100	Australia	11½	'86 Oct	88¾	12.41		13.10
$ 25	Alcan Australia Ltd	8½	'89 Apr	34	13.05		30.11

AUSTRIA

BELGIUM

CANADA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	Nova An Alberta Corp	16¼	'89 Jan	103	15.21		15.78
$ 50	Nova Scotia Power	9¾	'86 May	85½	13.90	14.49	11.40
cn$ 18	Nova Scotia Power	8⅝	'94 Jul	88	9.45		9.40
$ 15	Nova Scotia Prov	9	'85 May	97	12.49	12.46	9.28
$ 75	Nova Scotia Prov	15¾	'89 Mar	108¼	13.35		14.55
$ 75	Nova Scotia Prov	15¾	'89 Aug	104¾	13.97		14.56
$ 80	Nova Scotia Prov	10¾	'90 Jul	89	13.44	13.90	12.08
$ 75	Nova Scotia Prov	15	'91 Jun	103½	14.19		14.49
$ 100	Nova Scotia Prov	11¾	'89 Feb	94¾	13.83		12.95
$ 125	Ontario Hydro	8½	'85 Jun	88¾	12.10		8.79
$ 100	Ontario Hydro	8½	'84 Sep	92	12.68		9.24
$ 125	Ontario Hydro	9	'87 Apr	90	13.17		9.89
$ 150	Ontario Hydro	14¼	'86 Apr	104¾	13.39		14.08
$ 200	Ontario Hydro	11¼	'89 Dec	93	13.05		12.10
$ 250	Ontario Hydro	10¾	'87 May	88¼	13.15		11.41
$ 200	Ontario Hydro	11¾	'85 Sep	72¾	13.26		12.60
$ 100	Ontario Hydro	13½	'91 Feb	101½	13.15		13.30
$ 100	Ontario Hydro Aug	16	'91 Aug	108¾	14.14		14.78
$ 200	Ontario Hydro Nov	14	'91 Nov	100¾	14.17		14.78
$ 150	Ontario Hydro	15	'92 Aug	105	13.80		14.29
$ 200	Ontario Hydro	12¾	'92 Oct	90	13.15		13.81
$ 200	Ontario Hydro	11¾	'94 Feb	87	13.71		13.06
$ 25	Ontario Hydro-Elec	8¼	'86 Jan	92	11.75	13.36	8.68
$ 80	Ottawa-Carleton	9½	'86 Mar	90	11.94	13.32	10.56
$ 40	Ottawa-Carleton	14¾	'91 Jun	101½	14.49	14.38	14.53
cn$ 45	Pancanadian Petrol	16½	'88 Dec	105	14.96		15.71
cn$ 50	Pancanadian Petrol	12½	'92 Apr	94	13.69		13.30
$ 50	Polysar	9½	'86 Dec	91	12.33		10.33
cn$ 25	Quebec City	16½	'87 Feb	104	14.44		15.87
cn$ 25	Quebec City	13¼	'92 Dec	100	13.36		13.25
cn$ 15	Quebec City	10¾	'94 Oct	98	11.07		10.97
cn$ 15	Quebec City	10	'89 Nov	99	10.14		10.10
$ 15	Quebec Hydro-Elec	9¼	'85 Oct	91	13.32	14.51	9.74
$ 20	Quebec Hydro-Elec	5¾	'86 Mar	92	13.48	14.29	6.57
$ 25	Quebec Hydro-Elec	8½	'86 Nov	94	13.64	24.94	9.44
$ 30	Quebec Hydro-Elec	8½	'86 Feb	30	12.80	14.47	10.08
cn$ 50	Quebec Hydro-Elec Mar	16½	'86 Mar	106	14.78		15.57
cn$ 50	Quebec Hydro-Elec May	16½	'86 May	107	14.46		15.42
cn$ 30	Quebec Hydro-Elec	14	'92 Nov	101	13.79		13.86
$ 15	Quebec Prov	9	'85 Mar	91	13.44	13.83	9.20
cn$ 50	Quebec Prov	10¼	'86 Apr	94	14.03		10.90
$ 75	Quebec Prov	14¾	'86 Jul	105	11.94		14.05
125	Quebec Prov	13½	'87 Apr	108	12.06		14.35
cn$ 50	Quebec Prov	15	'87 Oct	107	15.25		14.02
cn$ 50	Quebec Prov	17½	'87 Nov	107	14.82		16.36
$ 30	Quebec Prov	7½	'86 Jan	87½	11.85	13.76	8.57
cn$ 20	Quebec Prov	17	'86 Mar	105	13.38		18.91

DENMARK

EUROPEAN INSTITUTIONS

FINLAND

FRANCE

GERMANY

GREECE

HOLLAND

ICELAND

INTERNAT INSTITUTIONS

IRELAND

ITALY

JAPAN

ZERO-COUPON BONDS

LUXEMBOURG

MEXICO

MISCELLANEOUS

NEW ZEALAND

NORWAY

HIGHEST YIELDS
to Average Life Below 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 25	Quebec Hydro-Elec	8½	'86 Nov	94	13.64	24.94	9.44
$ 50	Denmark	6	'85 Jan	93	12.80	21.64	6.45
$ 25	Brazil	8⅝	'87 Dec	79½	16.11	21.43	12.28
$ 20	Colombia	8¾	'86 Feb	99½	15.85	20.72	12.28
$ 50	Venezuela	8⅝	'87 Oct	69	15.40	11.66	12.48
$ 15	Ward Foods Overseas	9¾	'88 Nov	30	14.19	18.90	8.46
$ 15	Telefonos Venezuela	8¾	'87 Dec	90	15.01	18.58	10.86
$ 94	New Zealand	9¾	'85 Jul	94	11.71	17.34	6.72
$ 15	Olivetti Intl S.A.	9½	'86 Nov	97	11.82	16.85	9.79
cn$ 25	Intl Harvester Credit	9¾	'88 Apr	89½	14.65	17.78	10.87
fl 100	Charter Cons Overseas	7½	'87 Oct	50	14.53	15.53	7.15
N 175	Peugeot Citroen Psa	9¾	'87 Feb	92½	12.71	14.71	10.43
cn$ 30	Union Carbide Canada	9¾	'86 May	50	14.07	14.25	10.48
fl 100	Ciments Lafarge	7½	'87 Jul	89	11.85	14.88	8.43

HIGHEST YIELDS
to Average Life Above 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 50	Dome Petroleum Ltd	15	'86 Jul	71	15.04	17.34	14.08
$ 50	Caisse Nat Autoroutes	9⅝	'97 Mar	73	13.64	15.70	12.50
$ 125	Allchella	25	'94 Aug	76½	14.48	15.34	13.07
$ 100	Ecs Euro Coal & Steel	9	'94 May	75	12.22	15.25	12.00
$ 30	Mexico	8¾	'91 Dec	11	13.75	15.05	11.36
$ 75	Eib Europ Invest Bank	8¾	'86 Dec	75	12.96	15.02	11.43
$ 75	Norges Kommunalbank	9¾	'86 Apr	14½	13.18	14.97	12.25
$ 200	Eec Europ Econom Com	11½	'95 Jan	86½	13.97	14.94	12.29
$ 50	Oslo City	9¾	'97 Nov	74½	12.77	14.72	11.76
cn$ 25	Brit Columbia Mun Fin	11¾	'95 Jan	91	13.83	14.21	12.91
cn$ 40	Royal Bank Of Canada	18	'94 May	25	13.85	13.83	11.98
122	Peugeot Sa	141	'86 Aug	101	13.75	13.72	13.86
115	Rothschild Inv Hold	14½	'89 Aug	103½	13.64	13.97	14.01
cn$ 30	Royal Bank Of Canada	9	'92 Feb	83	12.59	12.94	10.84

HIGHEST CURRENT YIELDS

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 175	Mexico	18½	'89 Jul	107½	15.97		16.85
$ 150	Mexico	17½	'85 Mar	100½	16.75		17.41
$ 75	Pemex	17¾	'86 Nov	101½	16.71		17.24
$ 40	Arkansas Ps Fin	17¾	'88 Oct	101¼	16.50		17.04
$ 100	Continental Illinois	15¾	'86 Mar	92½	18.12		17.03
$ 35	Trans Canada Pipeline	17¾	'88 Oct	105	16.19		16.90
$ 150	Citicorp Overseas	16¾	'88 Oct	100¾	16.25		16.63
$ 50	Gulf States Overseas	17½	'86 Oct	105½	15.67		16.59
cn$ 50	Nacional Financiera	17¼	'87 Mar	98½	18.40		16.82
cn$ 60	General Motors Accept	18	'87 Oct	105	15.97		17.14
cn$ 50	Hudsons Bay	14	'87 Nov	107	15.38		14.82
cn$ 50	Quebec Prov	12	'97 Oct	107	15.25		14.82
cn$ 100	Fed Business Devl Bk	17¼	'86 Oct	106	16.59		14.35

PORTUGAL

SOUTH AFRICA

SOUTH AMERICA

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

UNITED STATES AMERICA

DM STRAIGHT BONDS

AUSTRALIA

AUSTRIA

(Continued on Page 14)

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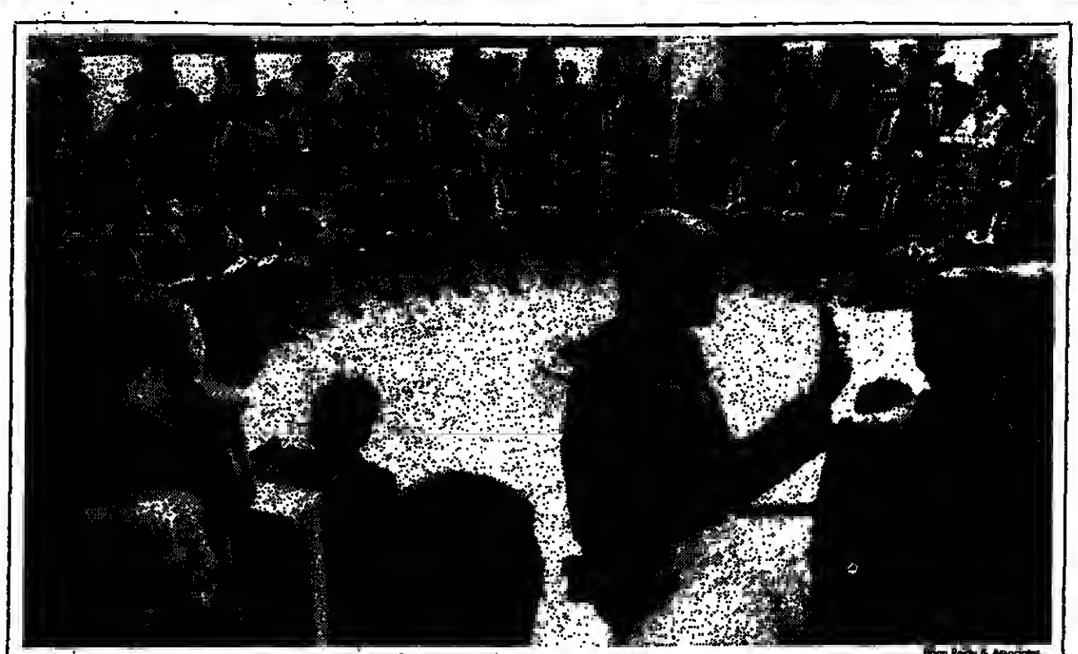
Years of U.

Herald Tribune
INTERNATIONAL
Published With The New York Times and The Washington Post

BANKING AND FINANCE IN BRITAIN

A SPECIAL REPORT



Brian Reidy & Associates

The London Metal Exchange trades in copper, tin, lead, zinc, silver, aluminum and nickel.

London's Financial Standing At Stake in City's Revolution

By Bob Hagerty

LONDON — Over a pint of bitter in the members' lounge at the stock exchange, Tony Jenkins is brooding.

Mr. Jenkins is the senior partner of S. Jenkins & Son — he's the son — and has worked in the City since 1944. He sees little sense in the rush to bring London's securities industry more into line with the practices of New York and Tokyo.

"I'm wondering," he tells a visitor, "whether New York has ever tried our system."

Such sentiment finds wide sympathy among London stockbrokers and bankers these days. But the City has embarked on a radical restructuring, and few of its leaders believe the upheaval can be stopped.

"Revolution," says Norman Tebbit, Britain's trade and industry secretary and a firm supporter of the changes, "scarcely seems too strong a word."

It did seem too strong 11 months ago. That was when Mr. Tebbit's predecessor, Cecil Parkinson, reached an out-of-court settlement with the stock exchange on government charges that certain exchange practices unfairly restricted competition. The heart of the agreement was a promise by the exchange to abolish fixed commissions on securities trading — in other words, to introduce price competition for brokers' services — by the end of 1986, more than 11 years after Wall Street made a similar move.

That concession has prompted a feverish round of consolidation in the City as banks and securities firms seek new partners and more capital to cope with the expected jolt of competition. What was expected to be evolutionary has come at a breakneck pace. London "will be totally different in five years," says Barbara Thomas, a former commissioner of the U.S. Securities and Exchange Commission who took a senior post at the London merchant bank Samuel Montagu & Co. last year. "Who the major players will be then is unknown."

Gordon Pepper, joint senior partner at the brokerage W. Greenwell & Co., says the City is "packing into a couple of years structural upheaval that took place in America over 20 years."

The restructuring — which Robin Leigh-Pemberton, governor of the Bank of England, has called the most important issue of his five-year term — extends far beyond the stock exchange. It is opening up opportunities, and perhaps pitfalls, for banks, insurers and other financial-services companies long barred from securities trading.

At stake is London's future as a prime international financial center, a distinction that produces about £4.5 billion a year in export income.

Merrill Lynch & Co. estimates that the London Stock Exchange accounts for 10 percent of the value of shares worldwide, trailing New York, with 50 percent, and Tokyo, with 25 percent. But over the last decade London institutions have lost ground in securities trading, notably in international bonds. Though London is the main center of Eurobond trading, only one British firm, the merchant bank S.G. Warburg & Co., is among the top 10 lead managers of Eurobond issues.

Without big changes, "the risk is that market position will erode and creativity and dexterity will not grow," says John Howland Jackson, a director of the merchant bank Kleinwort, Benson Ltd.

Putting it more baldly, Robert Gullett, head of Shearson/American Express Inc.'s London unit, says: "If the U.K. institutions don't react to the challenge of deregulation, they will be blown away by the Americans and the Japanese and the Germans and whoever else has got the money and the will."

Along with many other foreign observers, Mr. Gullett thinks London's securities industry is headed in the right direction. But the revolution is unlikely to be bloodless, and the weaker brokerages are already feeling intense pressure to find merger partners or face extinction.

The system that is being overhauled evolved over centuries. It has crowded the close, winding lanes of the City with hundreds of small, specialist firms. Many of them are highly profitable at home; abroad, few are more than minnows. "Everybody is in their little niche and quite comfortable, thank you," observes a senior U.S. investment banker in London.

The dozen or so known as jobbers stand in the stock exchange as "market makers," ready to quote a buying and selling price for each security they handle. About 200 brokerages, in turn, act as intermediaries between jobber and investor. Brokerages are barred from buying or selling for their own accounts.

The merchant banks underwrite new issues of securities. They are not allowed, however, to deal in securities.

The discount houses trade short-

(Continued on Page 12)

Tom Hosler

In the pit of the Financial Futures Exchange.

Competition Alters Eurobond Trade

By William Ellington

LONDON — The City's Eurobond business has thrived over the years but trading firms are having to work much harder these days to ensure that their operations are profitable.

From the outset, London has been the major center for trading Eurobonds. More than a quarter of the member firms of the Association of International Bond Dealers are located in London. Owing to widespread representation of foreign banks, most Eurodollar bond offerings are managed from London. And while the Eurobond business has been cyclical, profits in good years have been high enough to attract an increasing number of firms.

Competition is posing problems, quite apart from the drop in business caused by rising interest rates. The response of some firms has been to diversify their business mix. Others have become more specialized. Some have invested heavily in technology to improve profits; for instance, Société Générale Strauss Turnbull Ltd., a highly successful Eurobond trading house, increased its expenditure on computers and software more than 40 percent in the fiscal year that ended last August. In that year, its trading turnover in Eurobonds rose about 59 percent, to $15 billion.

"Bought deals" are one form of transaction where competition has become cutthroat: Firms make competing bids to a borrower, undertaking to buy a Eurodollar bond issue at fixed terms before it is known whether the issue can be placed with investors. Too often, the adage that it is always possible to do business at the wrong price has proved correct. Some firms have taken losses by bidding too low and finding that they have to sell the bonds at a loss. On other occasions, market conditions have changed adversely before a syndicate can be formed and the bonds placed.

However, the bought deal has enabled London underwriters to capture most of the U.S. corporate bond business. In recent years, U.S. underwriters have been able to resist competition through what are known as shelf registrations. These work in a similar fashion to bought deals.

Though opinions on the subject differ, it seems probable that London's bond business will get a boost if the U.S. withholding tax on interest and dividend payments to nonresidents is removed. If so, London firms will be able to sell U.S. bonds and other securities through the same distribution networks with which they sell Eurobonds.

An adjunct to the bought deal has been the development of an organized "gray market" for new issues. When Eurobond offerings are announced, trading starts right away on a when-issued basis. Thus, those who cannot place bonds immediately can sell their underwriting commitments to other firms that have clients for the bonds. While this practice seems sensible in theory, it has led in practice to a whittling away of the commission structure.

It is now normal for issues to start trading at a discount equal to the selling group concession, which is usually 1.25 percent. However, bonds frequently trade at discounts equal to the gross commission, wiping out all underwriting profits. Sometimes underwriters sell a competitor's issue short in the gray market to offset a loss on their own underwriting commitments. This tends to push the prices of all offerings down.

As the volume of Eurobond trading has increased, the margins between the bid and offer have been trimmed, in some cases to the point where it has been difficult to make profits. This has led to an open quarrel between dealers, who act as principals, and brokers, who act as agents for trades between dealers. The nub of the argument is whether brokers have been diverting business from dealers by supplying quotes to firms that are not really dealers.

Not even the Association of International Bond Dealers has been able to define what a dealer is, so the argument is likely to continue. Meanwhile, price information has become more plentiful, partly as a result of screen services such as those provided by Reuters and Telerate. The upshot is that dealers are lucky to get an eighth of a point between their bids and offers, even though standard market practice is to quote half-point spreads.

Aside from competition undermining profits, London's Eurobond business also faces a challenge from British tax authorities. When Britain's exchange controls were lifted in 1979, British residents became free to buy Eurobonds, which pay interest free of withholding tax. But this possibility has been curtailed by the requirement that any paying agent in Britain must withhold taxes paid to residents. This also applies to payments to nonresidents unless certain affidavits are produced that require the identify of investors to be disclosed.

Under pending legislation, it is no longer clear whether interest on a Eurobond issue of a British company would be paid gross to nonresidents under any circumstances if a nonresident has his portfolio managed from London. A danger

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Fears of U.S. Dominance Are Receding

By Barbara Rosen

LONDON — When it first became clear that the "revolution" in the City of London would include raising or abolishing the ceiling on outside ownership of stock exchange member firms, there was talk of Americans gobbling up the London market.

Considering that Merrill Lynch, for example, has about 100 times as much capital as a large London broker has, the idea was not that farfetched. Some London market participants continue to express fears of an American-dominated market in which the U.S. parent companies would not place enough priority on London and could pull out if things got rough back home or if the exchange rate fell.

So far the fears have proved unfounded. To date, only three U.S. companies are officially committed to roles in the new London market. More are on their way, but they are moving slowly, waiting for the dust to settle. And for the most part, they do not appear set on a course of devouring London firms.

"The United States is not going to run away with this marketplace," said the chairman of one U.S. brokerage house, adding that "there's tons of money here" from other sources, including French and West German as well as British banks.

Several U.S. companies, including Merrill Lynch, Salomon Brothers International, Goldman Sachs International Corp. and Citicorp, are interested in becoming dealers in the market for British government, or gilt-edged, securities, provided the terms of the anticipated market reorganization turn out to be attractive enough.

The Bank of England is believed to be leaning toward instituting a gilt-trading system using primary dealers, similar to the U.S. system of trading Treasury bonds. Many observers also believe the central bank will allow primary dealers to be either brokers or market-makers, and to be completely owned by outside companies.

Opinions vary on just how loose a regulatory framework might be in store.

"I'm told it's not going to be as free a ride as everybody thought," said a British stockbroker. And an American broker cautioned: "The Bank of England does not throw things wide open."

None of the U.S. brokerages is understood to be in the market for acquisitions just now. Instead, they appear ready to build up in-house the expertise they would need in the British market, hiring individuals as needed.

The learning process could be expensive. Some British observers wonder whether the Americans can develop on their own the expertise to make a market in gilts.

The U.S. firms counter that they already have good foundations, with businesses in trading Eurodollars and Eurobonds. "Adding gilts to that is no great particular problem," said an American broker. Several firms do, however, mention the possibility of having to acquir a distribution network intact.

Most of the U.S. companies do not appear to be doing any extensive headhunting. "We're not out on some hiring binge," said an executive at Goldman Sachs in London.

But Merrill Lynch is in the market for about 10 British stock analysts, to be hired after it finds a director of European research. The firm began shopping last year by approaching the analysts ranked highest in the annual survey by Continental Illinois.

Market sources also say Merrill Lynch seriously considered acquiring the British stockbrokerage house of Rowe & Pitman. Observers speculate that the idea was rejected because Merrill is being careful to avoid a rerun of its ill-fated investment in the Hong Kong securities firm Sun Hung Kai. (Charter Consolidated Ltd., a British mining finance company, has since bought 29.9 percent of Rowe & Pitman, the maximum stake allowed under present rules, but without an option to increase the holding if the rules change.)

Among the U.S. links announced so far, the Los Angeles-based bank holding company Security Pacific Corp. acquired 29.9 percent of the high-ranked British brokerage Hoare Govett Ltd. in June 1982. Security Pacific does not hold an option to increase its stake, and market sources are wondering about Hoare Govett's future moves.

Citicorp acquired a stake in Vickers da Costa Ltd. last November, with an option to increase the holding if the rules change. The main attraction here appears to have been Vickers' Far Eastern operations more than its relatively small London position.

"It's fair to say that Vickers is very widely known for its leading position in Far Eastern equity research and brokerage," said Frederick Pettit, a director of Citicorp International Group Inc. As for other plans, he said: "I wouldn't think this would be the last thing that we would do in the sequence of

(Continued on Next Page)

Merchant Banks Are Seeking A Greater Role in Securities

By Lynne Curry

LONDON — With the impending deregulation of the London Stock Exchange, leading merchant banks are poised for a major transformation of their traditional role: They are preparing to increase their participation in securities dealing.

The deregulation, required by the end of 1986, involves the abolition of fixed commissions on securities transactions and probably the elimination of the distinction between brokers and jobbers. Brokers act as agents for their client and jobbers, or market makers, execute the broker's orders on the exchange.

The impact of these changes on merchant banks will be profound. Those that adapt to deregulation are likely to become international securities firms with roles increasingly similar to those of U.S. investment banks. The smaller merchant banks without the resources to go international may become specialist "boutiques."

"What is happening is that merchant banks are becoming involved directly in the stock market and they have never been allowed to do that before," said Bill Mackworth-Young, chairman of Morgan Grenfell & Co. Ltd.

"I hope these changes will make London more attractive as a financial center," said Andrew Buxton, a general manager of Barclays Bank PLC. "There is no doubt we've been losing business to New York."

Traditionally, merchant banks have specialized in financing international trade, dealing in foreign exchange and offering financial advice on mergers and acquisitions. They have also acted as issuing houses for corporate clients by helping them raise funds on the stock market. They have been major underwriters of stocks and bonds, but have not been involved in market making and distribution of securities.

"If we want to compete internationally with investment banks on the Continent, where they are able to act as underwriter, market maker and distributor of securities, we need to have a range of services," said Charles Villiers, chief executive of County Bank, National Westminster's merchant bank subsidiary. "We have only been able to act as underwriters."

Stock exchange rules now limit outside holdings in member firms to 29.9 percent, but British banks expect this ceiling to be increased or abolished as companies seek more capital to compete with the giant U.S. and Japanese securities firms.

In addition to eliminating fixed

(Continued on Next Page)

BANKING AND FINANCE IN BRITAIN

Citicorp Growth Spreads Fear Among Competitors

LONDON — As part of a worldwide expansion, Citicorp has begun intensive efforts to penetrate the British market further. British banks are increasingly concerned that the U.S. corporation could seriously threaten their dominance of the British financial scene.

"We see in the next 10, 15, or 20 years' time three kinds of financial institutions surviving and prospering," said John Atkin, a London-based economist at Citibank: "those that are supermarkets and are doing everything, those that are like quite substantial food retailers with a geographical or product bias, and those that are like the corner deli or specialist cheese shops."

Of these, Citicorp sees itself becoming a financial supermarket in Britain and beyond.

With its financial muscle, Citicorp is "willing to get into anything and willing to take risks before anyone else," said an American banker who asked not to be identified. "This is their hallmark."

In Britain, Citicorp is well-known among the multinationals and has also developed a fairly extensive retail market, but believes it cannot call itself a financial supermarket unless it provides services for companies at the mid-corporate level.

"We believe we have too strong a bias at the higher end" of the market, Mr. Atkin explained. While Citicorp does not plan to neglect its important multinational or retail customers, within the last year it has begun a new effort in Britain aimed at wooing the smaller mid-level companies.

Citicorp is attacking this market in areas in which it is strong. Some of the services it is attempting to provide such companies include more efficient foreign exchange transactions, loans, trade finance and deposit facilities. It is trying to move into this market by offering more efficient services that rely on its global communication network.

"The magic word that distinguishes financial supermarkets is 'network' — not just bricks and mortar, but electronic," Mr. Atkin said.

Not only is the company moving down-market in Britain, it is expanding more into retailing and investment banking activites. Citicorp is trying out ideas in Britain and expanding in ways that would not be allowed in the United States because of government regulations. For example, within the last year the company has started working toward expanding into stockbroking and insurance. And over the last few years it has gotten more heavily involved in bond underwriting.

Recently, Citicorp acquired a 29.9-percent stake in Vickers da Costa (Holdings) Ltd., a London stockbrokerage with Hong Kong and Tokyo offices. Citicorp saw the brokerage as a way to acquire experience both in the changing British stock market and in the Far East.

Insurance is an area that is off-limits to banks in the United States. But Citibank Savings, a British subsidiary of Citicorp, has begun offering credit-card insurance. A customer pays a small premium on his normal card charges for insurance that will make his payments in the event of unemployment, injury or other mishap. Citicorp is also considering selling car and life insurance in Britain.

Unrestricted by U.S. regulations, Citicorp's London office has been one of the leading U.S. players in the Eurobond market. It says its business has tripled in the last 18 months. Last year it was the lead manager for $450 million of Eurobonds, compared with $325 million in 1982.

As Citicorp has become more active in the Eurobond market, it has also been one of the first banks to realize the high profits that could be earned in interest-rate and currency swaps, where a bank arranges for a borrower to exchange its fixed-rate obligation for another's floating-rate obligation. One of the main advantages of using swaps is to get cheaper money. Within the last few years, Citicorp has probably transacted more swaps than any other bank, one American banker said. Its closest competitor is Morgan Guaranty, with the British merchant banks far behind.

At the same time Citicorp has been expanding into nontraditional areas of commercial banking. A few years ago it began offering retail store credit programs. The first, called a budget account, gave a customer a checkbook and check guarantee card for use only at Marks & Spencers stores.

Citibank savings, a British subsidiary of Citicorp, subsequently arranged variations of the program at Allders department store, Richard Shops and Colliers Shops, all British retail stores.

While Citicorp is looking for ways to expand its influence further, it already has a network of 38 branches in Britain. Known as money shops to Citibank's competitors, they specialize in offering consumer credit. Although the network is extensive, the services are not comprehensive — they do not include corporate services or current account facilities.

In another move that could significantly affect the British financial scene, Citicorp has applied to become a clearing bank, a member of Britain's national check clearing system. The system is operated by Bankers Clearing House Ltd., a company owned in turn by the Committee of London Clearing Banks (CLCB), a trade association of major banks. The Bankers Clearing House has 10 member banks, six of which are executive members and determine bank policy and manage the clearing system.

The six are Barclays Bank, Lloyds Bank, Midland Bank, National Westminster Bank, Williams & Glyn's Bank and Coutts & Co. It is with the remaining four, the functional members, that Citicorp would like to have a seat. They are the Bank of England, Trustee Savings Bank, Co-operative Bank and National Giro Bank.

Citicorp sees several benefits to becoming a clearing member. It wants to be viewed as an indigenous British bank, not a big foreign bank. Citicorp says not being a member hinders it in its overseas correspondent banking business from London.

"A lot of companies deal in sterling and are not inclined to use Citi because it is not involved in the clearing system," Mr. Atkin said.

In addition, he said, there is a perception in the market that because it is not a clearer, Citicorp is somehow inferior and does not have a strong commitment to the market.

"This is not a competitive disadvantage with sophisticated customers, but it is with customers below that," Mr. Atkin noted.

The reaction of British bankers to the idea of Citicorp's becoming a clearer has been at best lukewarm and at times downright frosty.

The British have been equally unhappy about Citicorp's other aggressive expansion plans.

"British banks are a little fearful of Citi," one banking source said. "They feel Citi is too abrasive and too clever by half. But Citi is laughing because it is making all the money."

"I don't think there is any other foreign bank that poses as much of a major threat from the outside as Citicorp," another banker said. The company's drive to attract the mid-market corporate customer is directed at what has traditionally been the backbone of the British banks' market, he added.

Citicorp's ability to diversify and experiment has made British bankers anxious. "Soon they'll decide which direction to dive and will cause a splash, which causes ripples, maybe a wave," a British banker said. "They have enough financial muscle to make a big impact."

The status of Citicorp's application to become a clearing bank member is unlikely to be decided before the end of the year. Citicorp submitted the application late last year. Then, after Standard Chartered also applied to become a clearer, in March the clearing banks announced they were reviewing all elements of the system. They later asked the two banks to defer their applications pending the outcome of the review. Citicorp expects the report near the end of the year.

Even if its application is approved, bankers do not believe that Citicorp's membership would have as great an impact on the British banking scene as will its expansion plans. One British banker said, "We're going to have to fight hard to protect the business for the U.K."

— LYNNE CURRY

The trading floor of the London Gold Futures Market at Plantation House.

Fears of U.S. Dominance Receding

(Continued From Previous Page)

events that is emerging in London."

Meanwhile, Prudential/Bache Securities, a subsidiary of Prudential Insurance Co. of America, set up a British brokerage with the two former heads of the corporate finance department from the brokerage James Capel & Co. The new firm, P-B Securities Ltd., does not plan to acquire any market-making operations at present, but "I suppose all things are possible," said Bill Hulton, senior vice president of Prudential/Bache Securities.

"We believe that the way we have done it enables us to control our own destiny" more than if Prudential/Bache had bought into an existing brokerage, Mr. Hulton said.

Other U.S. firms, such as Dean Witter Reynolds Overseas Ltd., have no current intention to jump into the fray. "Our plan at this moment is merely to say to the U.K. market, 'We're here,'" potentially for a joint venture, which would be run by the British partner, said John Pelling, chairman of the Dean Witter unit.

Morgan Stanley International says it will continue to expand its existing British businesses, increasing staff to 260 by the end of this year from 150 a year before, and mostly hiring locally. But Managing Director Archibald Cox Jr. said: "We have no plans at all to enter the U.K. domestic market."

For the present, at least, the American threat appears to have been exaggerated. While many British firms seem embroiled in "a damn great rush with no great plan," as a British broker said, "the American houses are acting as though they've got time on their side."

Merchant Banks Seek Greater Role in Securities

(Continued From Previous Page)

commissions on securities transactions, the stock exchange has been asked to allow broking and jobbing by the same organization.

With deregulation rapidly approaching, and in an effort to demonstrate their determination to play a major role in the development of the stock exchange, the big merchant banks have concluded a dizzying series of mergers and deals with brokers and jobbers. Of about 20 active merchant banks in the City, nearly half have formed alliances designed to cope with deregulation.

Merchant banks have had an added incentive to buy stakes in securities firms: Pressure has been growing for all British securities transactions to take place on the stock exchange, partially for regulatory purposes. How the securities industry should regulate itself is still being debated, but observers believe that if a bank is not a member of the stock exchange, it might not be eligible to participate directly in the stock market.

Thus, the banks have felt compelled to acquire expertise in the stock market if they wish to be directly involved in securities dealing. With far fewer jobbing firms than brokerages, demand for jobbers has been greater than for brokers. Bankers have also preferred the jobbers' dealing capability to the brokers' distribution network.

Even so, each merchant bank has sought firms with skills best suited to mesh with its own requirements.

For example, one of the biggest deals involves a three-way link-up by Barclays merchant bank, Wedd Durlacher Mordaunt & Co., one of the City's largest jobbing firms, and de Zoete & Bevan, one of the top 10 brokerages in London. The combination will transform the merchant bank into an international securities firm. Barclays holds a 29.9-percent stake in Wedd and plans to raise its holding to 75 percent if rules eventually permit. It has formed a similar arrangement with de Zoete.

Barclays bought both a broker and jobber because the bank believed it needed De Zoete's distribution network as well as Wedd's dealing capability. Barclays has no immediate plans to buy another jobber or broker in Britain, but Mr. Buxton said the bank was considering acquiring a brokerage firm overseas.

County Bank, the NatWest subsidiary, has acquired the maximum 29.9-percent stake in jobbers Bisgood Bishop & Co. The bank acquired this holding because it sought a specialist in equities. It did not want a gilts jobber, whose expertise is in government securities, because the Bank of England is changing the gilts trading system.

Mercury Securities, parent company of the merchant bank S. G. Warburg, has acquired a stake in the jobbing firm Akroyd & Smithers to develop trading and distribution activities in securities. Akroyd has in turn formed an alliance with Rowe & Pitman, a stockbroker, to develop the international equity business of both companies.

N. M. Rothschild, another merchant banker, has teamed up with Smith Bros., a stock jobber, because of its market making expertise in international securities and gold markets.

Morgan Grenfell, a leading merchant bank in mergers and acquisition advice, bought a stake in the jobbing firm Pinchin Denny & Co. because it is active in the equities and gilts markets. Pinchin Denny was one of the last jobbing firms of a significant size available to provide market making expertise in any new alliance.

This sampling includes only link-ups with jobbers. Some merchant banks have also been buying securities firms.

Not all have been moving toward mergers or alliances.

"We believe that a market is made out of diversity of opinion and that it is a mistake to follow the herd for the sake of the herd," said Ian Fraser, chairman of the merchant bank Lazard Bros., which recently formed an international partnership with Lazard houses in New York and Paris.

Mr. Fraser said that the goodwill cost — the difference between the net worth and the going market rate — of acquiring brokerages or jobbing firms was too high, and that cultural differences between banks and brokers were too great to produce successful mergers.

If Lazard decides to expand in the securities market, where it is already extensively involved as an underwriter and fund manager, Mr. Fraser said the bank would "acquire people rather than firms."

Lazard's approach to the coming changes epitomizes the attitude of a number of merchant banks. A strong merchant bank that is able to carve a niche for itself should still do well without expanding into securities dealing, bankers said.

Still, the prevailing trend is mergers and alliances. One consequence of these liaisons is that the merchant banks will increasingly come to resemble U.S. investment banks: They will be able to make markets in securities, distribute them to clients, provide investment research and manage third-party portfolios.

Bankers say, however, that the merchant banks will retain their British character, that, unlike U.S. investment banks, they will have the additional advantage of being able to act as commercial banks, accepting deposits and making loans. U.S commercial banks are barred by law from lending and underwriting securities.

In addition to broadening the role of British merchant banks, deregulation will have a widespread impact on how the City does business and could well pull London out of its financial doldrums.

"There was a fear many had that, without these changes in the U.K., London would've been a backwater — much would've passed London by," said John Atkin, a Citibank economist based in London.

BANKING AND FINANCE IN BRITAIN

Investor Protection: Awaiting the New White Paper

Special to the IHT

LONDON — Six months ago, Professor Jim Gower submitted a report to the Department of Trade on how investors could be protected in Britain's rapidly changing financial markets.

Professor Gower proposed a number of self-regulating agencies, or SRAs. These would be the day-to-day policemen of the markets. Brokers, jobbers, futures traders, insurance underwriters and investment advisers would have to register with their industry's SRA, directly with the Department of Trade or with a supervisory commission charged with coordinating the SRAs. In addition, investors would have the formal protection of a new law.

As matters stand, an aggrieved investor has no clear avenue of redress — the stock exchange? the police? the Department of Trade? the ombudsman? — nor any reason to suppose that a sharp practice will get anything but short shrift from the authorities.

The stock exchange, for example, said in its 1983 report and accounts in May that it had investigated more than 13,500 share-price movements for insider dealings. Almost 500 were investigated in detail and 59 singled out for formal inquiry. Twenty were passed on to the Department of Trade with a view to possible prosecution. On the evidence of previous years, only one or two of those will go in trial.

Alex Fletcher, the minister in charge of corporate and consumer affairs at the Department of Trade, said last month that a small number of SRAs might be enough to prevent abuses. He suggested four — for dealers and brokers in securities, for dealers and brokers in futures and commodities, for investment managers and for the insurance sector.

His suggestion is an indication of government thinking, which will become clearer with the planned publication of a White Paper in November and the introduction of legislation in 1985 and 1986. The department has solicited comments on the Gower proposals from City firms and will use them in drawing up the White Paper.

Investor protection has become especially urgent because British markets have undergone sweeping changes, with more on the way. Some of the changes will weaken the already weak safeguards the investor has.

The scrapping of single capacity — the uniquely British differentiation between stockbrokers, who act as the investor's agent, and jobbers, who make a market in stocks as principals — will allow firms to act both as agents and principals. In theory, single capacity protects the investor by entrusting his order to a broker who cannot manipulate the market price.

In practice, it is not difficult to see loopholes, and in any event an investor would have great difficulty even beginning to establish that he had been badly treated, since the stock exchange does not operate a ticker system listing each trade and its price. Single capacity gives strictly limited cover against one type of exploitation; it does not deal with misleading advice, negligence, the churning of customers' accounts for higher commission, unfair selling tactics or mismanagement of unit trusts as dumping grounds for dud securities.

Still, it helps to set the moral tone. Now it will probably be abandoned for blue-chip equities, and ultimately for minor stocks as well. A rearguard group of medium-sized and small stockbrokerages was formed in May to campaign against dual capacity, which they see as a threat to their livelihood and to trading liquidity in less-familiar equities. Their efforts are likely to mean a much slower phasing out of single capacity than the stock exchange planned. In the longer term, however, dual capacity is inevitable and with it the exposure of investors as principals — with the possibility of the broker using the retail investor to realize the profits on the broker's own portfolio.

'Debate has started on what extra safeguards investors might need. Among the suggestions being put forward are better information on market prices and declarations of interest by principals.'

In other markets, too, changes are making it more difficult for investors to ensure that they get a fair deal or, if there are problems, that there are effective remedies.

The fashion for financial conglomerates, in particular, makes it a lot harder for an investor to pursue a grievance. An investor who has lost a bundle in financial futures because the risks were glossed over by an enthusiastic salesman may be intimidated if the salesman's firm belongs to the bank that holds his overdraft or car loan. If he complains about the insurance policy bought at a booth in his favorite department store, will the store cancel his credit card?

Changes have come so fast, and on so broad a front, that some people have begun to argue that the Gower proposals are inadequate a bare six months after their publication.

Whether self-regulation will suffice is doubtful, but neither the government nor the City wants to see formal regulation along the lines of the U.S. Securities and Exchange Commission or Commodity Futures Trading Commission.

Norman Tebbit, secretary for trade and industry, said on a visit to the United States in May that, while changes to protect investors were necessary, they would not necessarily mean "an intrusive government, still less an obtrusively legalistic framework."

Debate has started on what extra safeguards investors might need. Among the suggestions being put forward are better information on market prices and declarations of interest by principals, both ideas taken from the U.S. markets.

A ticker-tape monitor of stock exchange dealings would provide an excellent check on trading abuses. Exchanges in other countries use the system, and futures markets compile similar records. These provide the essential statistical base for investigating suspicious trading patterns.

Declarations of interest put the investor on his guard. Subscribers to Salomon Brothers research publications on equities, for example, will find on the back page several paragraphs of closely printed information on Salomon's holdings of recommended or not-recommended stocks, including the firm's holdings of put or call options, and whether the firm is a market maker in the stocks. No investor can reasonably claim after the event that Salomon puffs stocks it holds so as to fool the small investor.

The London Oil and Petroleum Futures Exchange.

Brokerage Scene Will Be Radically Altered by Deregulation of Securities Market

LONDON — When the game of musical chairs finally ends and the actual deregulation of the City of London is under way, not much of what is left will look familiar.

The future London market is widely expected to be dominated by international multifaceted financial firms modeled on U.S. investment banks. In preparation, companies with broking and market-making expertise are seeking sources of capital to carry them over the crest of the wave. New announcements are made almost daily, linking various domestic and some foreign companies.

People in the middle of all this wheeling and dealing freely admit that certain key questions remain unanswered. For instance, to what extent will a given firm be allowed to practice both broking and market-making in domestic stocks? And will the new method of market regulation, as yet undetermined, be in place by the 1986 deadline? But still the deals continue.

"Whatever they do with the rules, if you're not in the race you may be dead," said a partner in a medium-sized brokerage. "Now you've got a situation where people can't afford to be left behind."

The larger British brokerage houses have been in good demand, with a medium-ranked firm selling for as much as 11 times earnings. Only a handful of the top-tier brokerages are not yet spoken for, and some of those are rumored to be planning to go it alone, possibly seeking a silent partner or selling shares to the public.

Anticipation of deregulation, particularly in the market for British government, or gilt-edged, securities has also sparked demand for jobbers, or market-making firms, and discount houses, which trade short-term government securities and other money-market instruments. Mercantile House Holdings PLC, already linked with one discount house, recently announced that it would join forces with a second, as well as with the big British brokerage Laing & Cruickshank. Mercantile's chairman, John Barkshire, said Mercantile now had "the major bricks in place" to become a strong force in the new market.

In one of the biggest deals announced so far, Barclays Bank plans to join with Wedd Durlacher Mordaunt & Co., one of the two main gilt-jobbers, and the brokerage de Zoete & Bevan. Once the rules allow it, a new company will emerge incorporating elements of Wedd Durlacher, de Zoete and Barclays' merchant banking unit, to be 70 percent owned by Barclays Bank PLC.

The Los Angeles-based bank holding company Security Pacific Corp. acquired 29.9 percent of Hoare Govett Ltd. in June 1982. That is the maximum stake now allowed an outsider. Security Pacific did not get an option to increase its share if the rules change to allow it, and market watchers speculate that the brokerage could sell out to a higher bidder. Hoare Govett's chairman, Richard Westmacott, would say only, "We have a very happy relationship with Security Pacific."

Edinburgh-based Wood, MacKenzie & Co. broke off talks last November with Exco International PLC. Last week Hill Samuel Group PLC, a merchant banking, investment management and life insurance company, announced plans to link with Wood, MacKenzie.

James Capel & Co., widely respected for its research department, is understood to be looking at potential partners. Other large brokerages still unattached include Grieveson Grant & Co., Phillips & Drew and Cazenove & Co. Some observers believe Cazenove stands a good chance of surviving independently, drawing on its corporate finance skills to transform itself into an investment bank.

Rumors have linked Grieveson Grant with various potential partners, among them National Westminster Bank PLC, whose merchant-bank-ing unit has joined with the jobbers Bisgood Bishop & Co. Phillips & Drew says it does not rule out a possible link and says it intends to retain its prominent position in trading gilts.

Phillips & Drew had been rumored to be considering selling its fund-management business, taking the brokerage out of competition with merchant banks that could be potential partners. But Phillips & Drew is "not at the moment inclined to dispose of" the fund-management side, said Peter Parker, deputy senior partner.

W. Greenwell & Co., the other major broker noted for its gilts business, has linked with Samuel Montagu & Co., the merchant banking unit of Midland Bank PLC.

Several brokerage houses and jobbers, taking advantage of relaxed restrictions on trading overseas securities, have set up international dealerships. These new companies are licensed by the stock exchange, and although they can trade only in non-British securities they are allowed to practice as both agents and market-makers.

The plans for international dealerships were already under discussion when it was agreed last summer to reorganize the stock exchange, and some observers believe such dealerships will become obsolete if the exchange, as expected, allows dual-capacity dealing in domestic securities. Others, however, see the dealerships as useful testing grounds.

"It might give us an indication of how far we shall be drawn into market-making," said the chief executive of a major brokerage with an international dealership.

Sentiments about the coming changes in the stock market are mixed among the small- to medium-sized British brokerages. Many complain that they have not been sufficiently consulted. Some remain opposed to changes in the dual-capacity restrictions and outside-ownership rules.

"One doesn't wish to see ownership of the London Stock Exchange dissipated around the globe," said Graeme Living of Henry J. Garratt & Co., a nine-partner brokerage.

Just how much weight the opposing side wields is open to question. The more outspoken small firms contend that not all of the expected changes are inevitable. But it appears that the only real widespread support for the opposition centers on its efforts in slow things down.

Observers believe many of the smaller brokerages will be able to pass into the new market relatively unscathed and independent, able to continue conducting single-capacity business. In particular, small firms with a high proportion of private clients or those that deal in specialty stocks could fare reasonably well. It is the middle-sized firms that observers say are most vulnerable to being squeezed out.

In the hope of remaining independent, one middle-sized brokerage says it will strengthen the half of its business that deals with private clients and managed funds, so as to underwrite the risk it will incur on its institutional side.

But at the same time, said this firm's senior partner, "we are very conscious of the fact that in America those firms that sought to play in a marketplace outside their league actually came unstuck fairly quickly."

A partner in another profitable medium-sized firm contended that most firms of its size would be taken over. "We're just going the way of normally expanding our business and being realistic," he said. "We're not sitting in an ivory tower thinking that nothing will happen to us. We're all going to end up as different animals."

—BARBARA ROSEN

BANKING AND FINANCE IN BRITAIN

A quiet moment in trading on the London Corn Exchange.

3 Firms Are Creating Diverse Empires But the Markets Remain Doubtful

LONDON — As London's financial markets hurtle toward deregulation, few major banks and brokers are missing the chance to move into new activities. But three companies — Charterhouse J. Rothschild PLC, Exco International PLC and Mercantile House Holdings PLC — have stood out by using rapid-fire acquisitions to patch together empires fitting their visions of the future.

In the past three months, shares of all three companies have plunged about 25 percent, much steeper than the drop suffered by the stock market as a whole.

In a large part, the plunge seems to reflect investors' anxiety about the feverish pace of change in London's financial markets. "Nobody really knows what's going to happen in London," notes Martyn Ralph, an analyst at the stockbrokerage Hoare Govett Ltd. In addition, financial-services companies are usually among the worst casualties in a bear market.

But the market also appears to be registering serious doubts about whether the three companies can blend strings of diverse, independent-minded firms into cohesive teams able to take on the giants of Japan and the United States.

Building a securities house through a series of acquisitions is "a little bit like buying a car by going out and buying all the parts," argues Roy Smith, chairman of Goldman Sachs Ltd., the London unit of the U.S. investment bank Goldman, Sachs & Co. "It might be the best car in the world, but it's not easy that way."

Responds Mercantile House's chairman, John Barkshire: "I'm not pretending it's going to be dead easy, because it isn't."

One company that has managed to mold a powerful securities house out of myriad acquisitions is Shearson Lehman/ American Express Inc., the investment banking unit of American Express Co. But Shearson, a rival banker said, succeeded in integrating its many parts only by "bashing them into a kind of common jelly."

"The reason Shearson is successful," said another American investment banker, "is that they haven't let any of their small entities go their merry little way."

Now some analysts are questioning Shearson's ability to digest its latest purchase: the New York investment bank Lehman Brothers Kuhn Loeb Inc. After the $360-million acquisition was announced in April, American Express shares dropped sharply.

It is clear that financial supermarkets are suffering a drop in popularity on both sides of the Atlantic.

In response to doubters, the three British companies say they do not have time to build up powerful securities-trading organizations through internal growth alone.

Exco and Mercantile House started out as international money brokers and have diversified rapidly over the last few years. Both also have definite ideas about the likely direction of change in the City.

"A new breed of securities house will emerge, looking very much like a U.S. investment bank," says Mercantile's Mr. Barkshire. What he has in mind is a securities company with expertise in trading, research, underwriting, sales and advisory services. Since no such British company exists, he says, Mercantile is building one, "brick by brick."

In August 1982, just before the explosive rally on Wall Street, Mercantile bought Oppenheimer Holdings, parent of the New York investment bank Oppenheimer & Co., for £91 million. Last month, Mercantile agreed to buy a 29.9-percent stake in the London stockbrokerage Laing & Cruickshank.

It has also acquired two London discount houses. Discount houses act as intermediaries between the Bank of England and the banking system, trading short-term government securities and other money market instruments. Mr. Barkshire expects that his new combined discount house will eventually be allowed to trade in long-term British government bonds as well.

Among Mercantile's other interests are a U.S. government bond brokerage and the commodities brokerage Rouse Woodstock. Mercantile is also involved in leasing and fund management.

Not to be outdone, Exco bought a stake last month in Galloway & Pearson, a small London broker. Exco also owns a Hong Kong-based broker, W.I. Carr, Sons & Co., which has offices in London, New York, Tokyo, Kuala Lumpur and Zurich.

In addition, Exco has moved into venture capital, investment management and the *à forfait* market, which involves trading of bank-guaranteed promissory notes or bills of exchange used to finance trade.

So far, Exco's most lucrative investment has been its 52-percent stake in the New York-based financial information service Telerate Inc. Telerate accounted for about 57 percent of Exco's 1983 pretax profit of £32.5 million.

If anything, Charterhouse J. Rothschild is more complicated than Exco and Mercantile.

CJR is the result of December's merger between Charterhouse Group PLC and RIT & Northern PLC.

Charterhouse Group's major holdings were a mid-sized London merchant bank, Charterhouse Japhet, and numerous investments in industrial companies. RIT contributed investment management, leasing and factoring as well as a 50-percent stake in the New York investment bank L.F. Rothschild, Unterberg, Towbin and a 29.9-percent stake in Kitcat & Aitken, a small London stockbrokerage.

In April, CJR bought 25 percent of Hambro Life Assurance PLC, for about £130 million, and broadcast plans to move toward a full merger with Hambro. The stock market reacted negatively, though, and the merger was called June 1. Nonetheless, CJR and Hambro Life say they intend to cooperate closely in certain areas, notably investment management.

One of the main ideas of the get-together, says Mark Weinberg, Hambro's chief executive, is to use the insurer's 3,000-strong sales force to sell a broader range of financial products.

Even CJR officials concede that it will be a challenge to knit together the company's diverse interests, many of which it owns only partially. Critics note that Charterhouse Japhet and L.F. Rothschild, while both respected for their expertise in serving young high-technology companies, are outside the first rank of investment and merchant banking.

Scanning CJR's portfolio, a U.S. investment banker asserts, "There's nothing in it that reeks of excellence." But, perhaps predictably, CJR's chairman, Jacob Rothschild, draws strong support from a colleague at Shearson. "I think he is a brilliant man doing a brilliant job," says Robert Gullett, who heads Shearson's London unit.

— BOB HAGERTY

Taxing Foreign Executives Out of U.K.?

By E. A. Ostro

LONDON — Removal of personal tax benefits for at least 15,000 foreign executives working for overseas firms in Britain — 10,000 of them in financial institutions in the City — will have a major impact on London's banking and financial community, most executives of foreign companies based here agree.

The budget presented in March by the Chancellor of the Exchequer, Nigel Lawson, will eliminate by 1989 the 50-percent personal tax relief that foreigners employed in Britain by non-British firms have enjoyed.

Thus, if net salaries are to be maintained, hundreds of foreign financial institutions in the City — including about 200 U.S. banks, brokerages, insurance companies and other enterprises — will face salary bills half again as much or, in most cases, twice the current ones by 1989.

The 50-percent allowance was granted for the first seven years a foreign employee was resident in Britain, and a 25-percent benefit was given for the two years following, with full British income tax payable after nine years of residence. Most overseas executives stay in Britain less than seven years.

The 1984 budget allows no benefits for newly arriving executives. For those already resident, it cuts the 50-percent remission to 25 percent in April 1987 and to zero by April 1989.

Tax exemptions for fringe benefits such as free housing and cars will also be removed.

"The cost to foreign companies here will be enormous," says Graham Hatton, human resources analyst for Business Europe Ltd., a subsidiary of Business International, New York. "Take an executive earning $100,000 now. His taxable income is $50,000 and his net tax is likely to be something like $17,500 today, leaving him with a net $82,500.

"Under the new plan, he'll be left with $65,000 — and fewer nontaxable benefits. To get his net up to current levels under the new system, he'd need gross income of more than $150,000.

"Many firms, according to our research, simply aren't going to pay that much more and several of them have already indicated plans to shift to Brussels," Mr. Hatton said.

Roy Chapman, an executive of Arthur Anderson & Co., accountants, feels that "the budget will have a serious effect on persons from abroad who come to work here. Many will be paying more tax than at home. I doubt all foreign companies here will raise salaries to compensate."

Herschel Post, president of American Express Asset Management NV and a former Morgan Guaranty Trust executive, points out that many executives salaries were calculated when the pound was worth $2.55.

"Although the dollar remains strong these days," Mr. Post said, "I think foreign companies here will be still forced to make some painful decisions about those executives whom they want to keep permanently and those who can be let go. Doubtless the budget will mean a significant cut in the number of expatriates; the current strength of the dollar, which of course makes British salaries cheaper, is, after all, only a passing phenomenon."

Most U.S. financial executives doubt that there will be any mass exodus of foreign banks. "This will just be another cost increase," said Fritz Anton, London manager for Austria's Girozentrale Vienna. R. T. Mclaughlin, deputy regional director for the International Planned Parenthood Federation, said: "We can make the new system affordable for our people."

Philip Gillet, tax partner at Price Waterhouse, accountants, noted, however: "There must be a significant impact on many foreign banks that employ overseas staff here. Most companies provide their employees with a tax-protected package, so this change will mean the companies rather than the individuals face additional costs."

The budget also removes marginal advantages for foreign employees in Britain. For example, until last April 6, individuals were taxed only on the assessed (rateable) value of the company-owned houses in which they lived. Now, an additional 12 percent of the value of the property over $75,000 becomes liable for tax. (This measure had been announced in the 1983 budget.)

The 1984 budget was greeted with general approval by Britain's business community, as it lowers British personal and corporate taxes somewhat. A Treasury spokesman commented on the impact on foreign executives:

"We feel that in many cases the jobs could go to U.K. nationals; we have been very generous in allowing foreign companies to employ their own nationals here even when the need for employing a foreign person rather than a British person was not altogether convincing. And where foreign executives are sorely needed, we have no doubt that the non-British firms will cope."

Americans in London, by and large, are not too glum. Says Miles Roberts of Thomson McLintock: "This may encourage companies to employ more U.K. nationals. It is taking some of the icing off the cake rather than removing the cake itself. The Japanese will still have much cheaper golf over here."

Competition Alters Eurobond Trade

(Continued From Page 7)

is that the Inland Revenue's desire to keep Britons from escaping withholding taxes will increasing come into conflict with London Eurobond business, bankers say.

In response to competition, many Eurobond firms are diversifying the mix of their business. Trading and underwriting Eurodollar bonds has been the main business from the start. Now many firms have begun to deal in bonds denominated in other currencies, such as Deutsche marks, guilders and yen. Several firms recently hired yen bond dealers, hoping that the Euroyen bond business would expand briskly now that Japanese authorities are loosening restraints on their market. Another source of expansion has been interest rate and currency swaps, in which future interest or currency liabilities are arbitraged between markets.

Some bankers say traditional Eurobond distribution channels can be used to sell shares. If the U.S. Congress does remove withholding taxes, London is well-situated to sell U.S. Treasury bonds on a bigger scale. A large business in London already takes place in U.S. Treasury bonds. As long as an investor is prepared to trade between the coupon payment dates, the U.S. withholding tax can be avoided because the accrued interest is paid to the seller gross.

BANKING AND FINANCE IN BRITAIN

Sales of Nationalized Firms Continue Despite Controversy

LONDON — True to its election promises in 1979 and in 1983, the Conservative government is selling industries long nationalized in an effort to get the economy onto an efficient and modern basis.

The government calls this privatization. Among the companies it has sold all or part of are the communications giant British Telecom (a sale still going on), British Petroleum (proceeds £276 million), British Aerospace (£43 million) and Cable & Wireless (£82 million in the first sale, £76 million in December).

Prime Minister Margaret Thatcher has done as much as anyone in the government to push the policy, which the opposition Labor Party strongly disapproves of; the Social Democratic and Liberal parties are mildly opposed.

"Privatization continues to be a key element in our economic strategy," Mrs. Thatcher has said. "It opens up new areas to the disciplines of market forces, promotes competition and efficiency and improves the quality of service to the consumer."

The prime minister was quoted recently as noting that "British Aerospace, Cable & Wireless, the National Freight Co., Britoil, Associated British Ports Holdings and parts of British Steel have all been transferred to the private sector. We plan to privatize the British Gas Corp.'s major oil interests, to sell shares in British Telecom and to transfer British Airways to the private sector as soon as possible. We will continue to identify and prepare other potential candidates for privatization among the nationalized industries."

In such preparation, British Airways has been trimmed sharply of excess labor and unprofitable routes. In 1983, the airline actually made a profit (discounting government subsidies) for the first time in decades. As Mrs. Thatcher has put it: "We have set a tight financial framework to ensure that disciplines that are common for the private sector are also imposed on" the nationalized industries. "The best way in the long run is to expose the industries to the effects of market forces — through the reduction of monopoly, and through privatization including joint ventures and the introduction of private finance."

The latter has come into the foreground recently as the electronics group Thorn EMI, which had £3 billion in sales in 1983, astonished the British financial world by revealing that it was negotiating with British Aerospace and a merger "could result."

The government owns 48.43 percent of BAe, which had £2.3 billion in sales last year. It is expected to approve the merger, although it is likely to retain about 25 percent of voting rights since BAe is a major military contractor.

The aims of privatization, according to government officials, are to lower costs for consumers and to generate a healthier competitive climate in British industry. But it is only one aspect of the government's policy to streamline industry. The tripling of bankruptcies since 1979 is another indication of the Thatcher government's determination to make British industry efficient and to raise productivity.

To no one's surprise, the Labor Party sees it differently. "What is happening in front of our very noses is the wholesale giveaway of industries that belong to the British people to private interests for prices that are completely absurd," Labor's leader, Neil Kinnock, said in an interview. He refuses to commit himself on whether he would renationalize if Labor took office, but oo one doubts that at least a few of the industries sold to private investors will be taken over again. "We've got to do something like that or we'd be the laughingstock of the whole country," said a longtime Labor supporter.

A spokesman for the centrist Social Democratic-Liberal alliance commented: "We feel that privatization is largely irrelevant, although we are not opposed to it altogether. If the government can make industries efficient before selling them off — as they must and as they have done with, for example, British Airways — what is the point of denationalizing them? The complaint about nationalized industries has always been that they are inefficient, what Mrs. Thatcher has done is to prove that they can be efficient. So why then privatize?"

Mrs. Thatcher, not known for giving way graciously to opposition arguments, will be selling the profitable Jaguar division of the loss-making state automaker, BL, this summer. General Motors of the United States and West Germany's Daimler-Benz have shown interest, and there are a number of plans to try to ensure that Jaguar remains British, though none has won government approval. Several members of Parliament have spoken out against the sale, saying it would hurt BL's struggle for profitability.

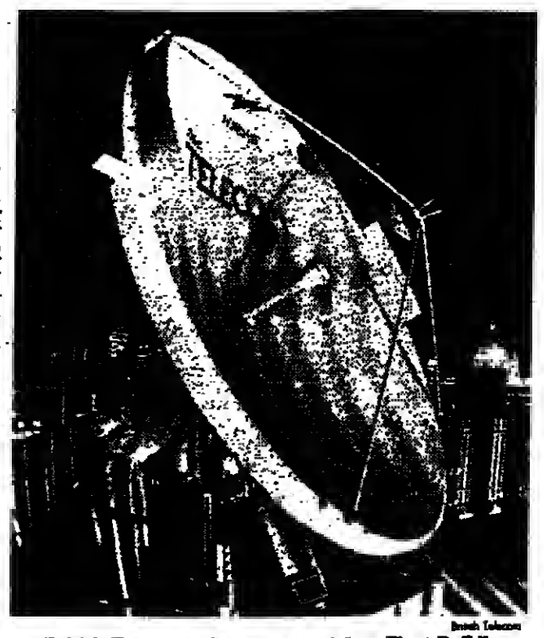
Other nationalized companies already privatized wholly or in part include British Sugar Corp. (proceeds £44 million); Amersham International (£64 million); National Freight Co. (about £50 million); Britoil (£634 million); Associated British Ports (£45.5 million); International Aeradio Ltd. (£60 million, to British Airways); and British Railway Hotels (£40 million, to British Railways).

Despite some hiccups — for example, Amersham was offered at what market analysts agreed was far too low a price — privatization appears to be succeeding. The company shares being sold by the government are if anything oversubscribed, and the atmosphere in the City is something like that of a gigantic homestead scramble, an American observer said.

Perhaps no one has fully answered the question of why an industry should be restored to private enterprise after it has been made profitable as a nationalized industry? Efficiency and profitability are after all what the government has promised. The Conservatives, when pressed, say private ownership might be regarded as insurance of future profitability, though they offer little evidence to back up this argument.

But as the foreign secretary, Sir Geoffrey Howe, puts it: "Nationalization is the reversal of proper economic priorities; privatization puts them right again, restoring wherever possible the healthy disciplines of free enterprise."

— E. A. OSTRO



British Telecom's Satstream aerial on Fleet Building.

British Telecom's private videoconferencing brings businessmen face-to-face.

3 Scottish Banks Find Ideas Can Fend Off Big Competitors

By Andrew Marr

EDINBURGH — Consider three banks, two of them independent, in a country of five million where the manufacturing base has shrunk so much that some observers fear it might fall below the critical mass needed to sustain a modern industrial economy.

In an era of financial expansion and alliance, when the City of London, always Edinburgh's bully brother, is looking up for ever-bigger financial conglomerations, there is a danger of the Scottish banks' becoming corner shops to the financial supermarkets of the future.

The Bank of Scotland, the Royal Bank of Scotland and the Clydesdale Bank have each in its own way devised a strategy for dealing with this danger.

The Bank of Scotland's answer is perhaps the most interesting. Dubbed by admirers the Bank of Technology, it has stolen a march on all its British rivals in the home banking race. The idea is to expand into England through the television screen rather than the arduous and probably futile route of setting up a great network of branches in alien and well-banked territory.

In November 1982 the bank introduced its Homelink with the Nottingham Building Society. The first British electronic home banking system, it allows the customer to pay bills, send letters to the building society, check and operate mortage and savings accounts and run a Bank of Scotland account, all through the television set. It is proving a great success.

Another recent Bank of Scotland innovation is the money market check account, a high-interest deposit vehicle through which clients get a checkbook, have money-market-related interest rates paid gross, and receive no penalty or loss of interest for withdrawal. The requirements of an initial minimum deposit of £2,500 and subsequent deposit and withdrawal minimums of £250 did not deter depositors, who have lapped the service up.

This year the bank brought in a direct link between its noninterest current account and an interest-earning building society account. Alliance BankSave, organized with the Alliance Building Society, has been called the most revolutionary link between such institutions in British banking.

It offers a full-fledged current account with all the customary trimmings, but the bulk of the cash deposited is in the building society, from where the bank account is topped up when it falls below £100. The system is attracting custom from rivals.

Other bright Bank of Scotland ideas include a link, announced in March, with the Automobile Association's 5.6 million members through Britain's first credit card for motorists, and a corporate cash management service for companies dealing worldwide, based on an international time-sharing network.

"There is a great determination to expand and to innovate that has percolated from senior mangagement right through this organization," said a senior employee of the Bank of Scotland. "One of the most significant factors is that everybody, but everybody, is listened to."

The bank's governor, Thomas Risk, fiercely defends the organization's strategy against what he called the "centralizing drift" of supermarketism and the "strong pull of London." He argued that Scotland remained financially distinct and that, though "short-term financial logic and stock-market forces can always be used to make a case for concentration, such influences are often destructive of local confidence and enterprise."

This is partly in reference to the rival Royal Bank of Scotland's troubles with a seemingly endless series of takeover threats and rumors. While the Bank of Scotland looked to technology the Royal decided to amalgamate with its English banking subsidiary, William & Glyn's. This is time-consuming and possibly 10 years overdue.

Meanwhile, Royal officials have been looking over their shoulders continually since the contested takeover attempts by the Hong Kong & Shanghai Banking Corp. and Standard Chartered Bank in 1981.

Other companies believed to be eying the Royal are Lloyds Bank — which owns 21 percent of the Scottish bank — Citibank, Bank of America and BAT Industries. "It's not easy to concentrate on microchips with a three-year crick in the neck," one analyst commented.

The amalgamation move is expected to make the new group the fifth big banking force in Britain after the merger is completed in September 1985, and to develop the muscle to stand up to the possible suitors.

The Royal has been looking for a U.S. partner to help it as well, but after two years it still has not come up with a name. The bank's top men hope U.S. deregulation might encourage some smaller U.S. banks to band together and seek European partners to protect themselves from the big New York banks.

The smallest of the Scottish clearing banks, the Clydesdale Bank, can relax from the distractions of takeover: It is part of the London-based Midland Group and has been doing a lot of pioneering of point-of-sale banking, becoming a leader in British supermarket and point-of-sale outlets.

It sees its strength as being inextricably linked to its diminutive stature, and it can boast one of the fastest information structures in British banking: Every teller is on line to the bank's main computer.

But Scottish banking has a little more to offer than technology. In May a distinctly old-fashioned-looking company arrived, the first Scottish company to be established offering retail banking services for 140 years: Adam & Co. of Edinburgh.

Backed by 700 investors, it cannot call itself a bank. Named after Adam Smith, the father of economics, it claims to offer "an atmosphere of comfort, courtesy and personalized service, which might be old-fashioned but which is coming back into service."

Critics retort that all this is the frilly border of banking, based on snobbery and out of step with the modern Scottish scene. But with the big British banks getting bigger and becoming more of a direct threat, perhaps an idea, however silly-seeming, should be left untried.

After all, the Bank of Scotland was the first financial company to install something that was considered remarkably silly at the time: the telephone.

CONTRIBUTORS

LYNNE CURRY is a London-based business journalist.

WILLIAM ELLINGTON, formerly of AP-Dow Jones in London, edits The EuroBond Letter, a weekly newsletter on international fixed-income investment.

BOB HAGERTY is the International Herald Tribune's London financial correspondent.

KEITH H. HAMMONDS is a London-based writer who contributes to The New York Times.

ANDREW MARR is a financial journalist for The Scotsman in Edinburgh.

E.A. OSTRO is managing director of European News Services in London.

BARBARA ROSEN is a London-based financial journalist.

BANKING AND FINANCE IN BRITAIN

John Copes-von Hoesslé

Insurers at work inside Lloyds of London.

The Business Degree vs. 'Determined Amateurs'

By Keith H. Hammonds

LONDON — Twenty years ago an MBA — a master's degree in *business administration* — was an unknown commodity in Britain. Long frowned on by Britons who fancied themselves "determined amateurs," as one educator put it, graduate-level management education has come relatively recently to the British business world.

Even now, as U.S. business schools churn out 60,000 MBAs a year, British management education is far from established — or accepted — in academic or business circles. Only a handful of universities offer business courses, producing, by the most generous of estimates, 1,500 master's graduates a year, many of them students from Europe or the United States, where an MBA has a higher value.

Most British educators and businessmen indicate that management education here is still struggling to attain the legitimacy attached to MBA programs in other countries.

"One of the failings of our system is the belief that management isn't something you have to be taught, that you learn it by the seat of your pants — something in which the American, Japanese and Germans have proven us wrong," observed Michael Brandon-Bravo, assistant provost of the City of London Polytechnic, one of Britain's largest centers of undergraduate business training. "Management education here is well behind almost everywhere in the world."

The MBA must overcome deep-seated resistance at several levels. Among academics, notes Professor Keith Thurley of the London School of Economics, "the quality of business studies has been seen as very doubtful. There are many who see business studies as really quite boring, and applicants as lower-quality people who are not proper academics."

More important is a general distrust of management schools and their graduates by the British business establishment. Informal systems of apprenticeship and working one's way up from the bottom are widely cherished practices, and many firms in the City of London prefer an Oxbridge graduate untrained in management practices to the postgraduate with formal business education. A spokesman for Barclays Bank argued the case of many employers: "Someone coming along with a degree doesn't really give them a right to a job, does it?

At the same time, employers seem to question both the scope and the quality of Britain's management education, in which course work ranges from 10 months to two years. "In terms of MBA programs, I believe too much of what they're doing is a sort of warmed-over American practice," said John Egan, chief operating officer of Jaguar Cars and one of the first graduates of the London Business School. "There are some absolutely real basics of our industry that they largely ignore."

But some experts see real progress in Britain's business schools. The London and Manchester Business Schools are cited most often for attracting students and faculty of increasingly higher quality. A survey by the Manchester Business School of its 1973 graduates found that 44 percent held senior management positions in their companies and 47 percent sat on corporate boards. The Cranfield School of Management, said to be the most demanding British program, is often compared with Sloane School of Management because of its connections with the Cranfield Institute of Technology. But its educational approach is actually closer to Harvard's, with case studies dominating the teaching.

Separately, undergraduate business programs at Britain's 60-odd polytechnic institutes have witnessed a dramatic surge in popularity over the last decade, and short executive courses at universities are gaining more attention, and funding, from corporations. Brian Griffiths, dean of the City University Business School, credits Margaret Thatcher's conservative government with cultivating private enterprise and thus an environment more receptive to business education.

Even Oxford University, traditionally a center of anti-business sentiment, has discovered management education. The Oxford Centre for Management Studies, an autonomous institution, grants a master's of philosophy through the university; this autumn, through a $4.6-million gift from the American financier John Templeton, the center will become a college in its own right, with 15 to 20 students.

In the end, what British business schools may need most is to dissociate themselves from the American business schools after which most were modeled (most British schools still require applicants to take the American Graduate Management Aptitude Test, even though, one expert observed, "Europeans find it impossible"). A survey by the London Business School found that businessmen rated the executive education courses at the London and Manchester schools relatively highly — but rated the Harvard Business School much higher. "The hard fact," said Professor Thurley of the London School of Economics, "is that if you produce a local version, it never has the prestige of a Harvard or a Stanford."

2 Top Schools: Mixed Verdict

LONDON — The London Business School and its sister institution, the Manchester Business School, are generally regarded as the top management schools in Britain. Some say they rival the top U.S. schools, but many more say they have a long way to go.

Both were founded in 1965 after a report by the British Institute of Management cited an urgent need for two "centers of excellence" in management education. Two decades later, they are the best-established schools in Britain, yet even the London school is not accredited to offer a degree; it grants a master of science degree through the University of London.

From the start, the London Business School was modeled in style on Harvard's case-study approach. Though administrators are quick to play down the association now, case study still acccounts for about 60 percent of classroom time. The course is rigorous and, at two years, more American in structure than the typical one-year British program. "We like to think we're a bit more serious," said Murray Cabot, the school's director of marketing.

In other ways as well, London's students resemble the typical American MBA. The average entrance age is 27, and about half the first-year class members have four years of work experience. Increasing numbers of graduates (40 percent in 1983) have gone into finance-related fields in recent years, with 25 percent starting in marketing and 15 percent in consulting. The average starting salary was about $23,000 — far lower than the pay offered graduates of top U.S. schools.

The London school is internationally oriented, in the belief, Mr. Cabot said, that, "as business becomes more international, if we were to concentrate on British business law it wouldn't be too relevant to someone being sent off to Namibia or the U.S." Foreign students accounted for a quarter of the 1983 graduating class, and one of three students typically spends an exchange term at a foreign school.

— KEITH H. HAMMONDS

London's Financial Standing At Stake in City's Revolution

(Continued From Page 7)

term government securities but are excluded from the stock exchange's market in longer-term government securities, or gilts.

This fragmented approach has its advantages. A brokerage recommending the purchase of a certain share cannot be suspected of trying to unload an uncomfortable accumulation in its inventory, since only jobbers carry such inventories.

Some British firms also argue that the "single-capacity" system — separating the roles of jobber and broker — creates a more liquid market in the lesser-traded shares.

Nonetheless, the pressure for change has become overwhelming.

Much of the pressure came from institutional investors — mainly pension funds and insurers — that insisted the stock exchange was keeping commissions on gilts intolerably high.

Once the exchange agreed to end minimum commissions, the entire trading system slithered into doubt. As commissions fall and pinch brokers' profits, the conventional wisdom runs, brokers will insist on acting as market makers, grabbing the trading profits now reserved for jobbers. Jobbers will react by insisting on the right to sell directly to the public. Single capacity thus appears almost certain to give way to a new system.

Computer technology adds further pressure. Many financial products — notably currencies, commodities and international bonds — are already traded over the phone or computer screen rather than on the floor of an exchange.

Unless London opens up its stock exchange to big foreign firms, these firms will probably find more ways to trade the most appealing British shares outside the exchange. Already, there are signs of leakage: More than 15 percent of Imperial Chemical Industries PLC and Glaxo Holdings PLC are traded away from the exchange in the form of American depository receipts, certificates that represent shares held in the vault of a U.S. bank.

Equally, the peculiarities of the traditional British system restrained many British brokerages that wanted to become major players overseas. They lacked the requisite size and mix of talents.

"We must not allow ourselves to be misled into thinking that it is possible to play rugby at home and soccer away," Mr. Leigh-Pemberton said in a speech last month.

Many of the more alert firms in London's financial world always have pursued international business. "Neither the U.S. nor Japan is ever going to take the rest of the world that seriously," says James Fergusson, a partner at the brokerage James Capel & Co. But the British stock market is much smaller. "The luxury of just staying put and looking at our own market is not open to us," Mr. Fergusson says.

To compete more effectively overseas, London brokerages and banks also need more capital. Few London brokerages have more than the equivalent of $10 million or $20 million. Merrill Lynch has total capital and reserves of about $2 billion.

Capital matters because of the huge risks involved in trading big blocks of shares. It also is essential for modern methods of managing new issues of securities.

In the old days, before agreeing on a price, the bank leading an issue normally spent weeks assembling a syndicate of other banks and institutional investors to share the risk of finding buyers. Increasingly, the lead manager agrees on a price and single-handedly buys hundreds of millions of dollars of bonds from the borrower. If market conditions change suddenly before the issue can be sold to investors, the lead manager can be stuck with a thumping loss.

Banks unable or unwilling to take such risks are finding it harder to compete for new issues. Corporate borrowers are becoming more apt to choose the bank that can handle the big transaction quickly and cheaply instead of the bank they have always used. "Issuers nowadays are becoming promiscuous" in their choice of bankers, quips Win Bischoff, chairman of the merchant bank of J. Henry Schroder Wagg & Co.

As evinced by Mr. Jenkins's lament, though, the jolting changes are producing a backlash. Seventy-eight small to mid-sized brokerages and jobbers recently formed a steering committee to apply pressure to the stock exchange council.

These and other critics say proposed changes are being devised too hastily and that investors will be inadequately protected. In particular, the critics say the big firms that are expected to dominate under the new system will be less inclined to make markets in second-and third-line stocks.

"They wouldn't want to trade some of the rubbish I deal in," muttered one jobber.

The dissenters may delay some changes and win concessions, but the big brokers and merchant banks seem determined to allow in new capital and end the single-capacity system, at least for the most actively traded shares.

"You have to go with the changes and lead them rather than put your head in the sand," says Greenwell's Mr. Pepper.

Reflecting that belief, 13 major stock exchange member firms — including all of the five biggest jobbers — have already sold stakes to outsiders. The outsiders, mostly banks, are limited to holding 29.9 percent of a member firm, but that ceiling is expected to be raised or abolished as member firms feel the need for more capital.

Discount houses and some foreign securities firms are preparing to trade gilts, a market formerly dominated by two jobbers. The bigger British merchant banks are gearing up to do what Wall Street investment banks do: trade securities on a large scale.

Indeed, the U.S.-style investment bank, as exemplified by Goldman, Sachs & Co. and Salomon Brothers Inc., is often touted as the new model for the more aggressive British brokers and merchant banks. That model would lead them to "integrate" into one streamlined firm the formerly separate functions of trading, research, sales, underwriting and advising.

At the same time, some British firms are expected to remain specialists, as have some Wall Street firms. There is always a place for such "boutiques," says Shearson's Mr. Gullett, but they "have to be slim and awfully good."

While they acknowledge the need to build up more capital, many leading City firms say they do not need to match Salomon or Merrill Lynch in that respect to compete internationally.

And, while the British market is expected to more closely resemble New York, the British seem unlikely to toss out all their bowler hats and genteel traditions.

"It's just a different culture," notes John Hyde, chairman of the merchant bank Charterhouse Japhet.

At Salomon in New York, the chief executive maintains his office amidst the hurly-burly of the trading floor. London merchant banks probably will not feel compelled to go quite so far in demonstrating their devotion to trading. "I don't know many merchant bankers who want to take off their jackets and shout stock prices down a phone," Mr. Hyde says.

Herald Tribune

BUSINESS/FINANCE

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EUROBONDS

New Issues Flood Market But Don't Find Many Buyers

By CARL GEWIRTZ
International Herald Tribune

PARIS — New issues cascaded into the Eurobond market last week, giving casual observers the erroneous impression that business was booming. But the paper offered found few takers and prices suffered as a result.

The bulk of the fixed-coupon dollar bonds were swaps, either into floating-rate debt at a cost below the London interbank offered rate or into foreign currencies at exchange rates that were compellingly attractive. Thus, the driving force behind the activity was the desire to complete a swap rather than concern about whether there was any demand for fixed-rate paper.

Basically, there is little — if any — investor demand, market participants admit. The real customers are on the sidelines, waiting some clearer view of where interest rates are headed.

But bond dealers, ever on the lookout for a quick trade, convinced themselves early in the week that the rise in rates had topped, or at least temporarily paused, and rushed to pick up what high-yielding paper could be found.

Inventory positions had generally been run down during May, so dealers had room to add to their holdings. In addition, the current yield curve of interest rates makes position taking look attractive. With the cost of over night money below 11 percent, dealers can borrow rela-tively cheaply to finance holding paper yielding 14 percent and pocket the difference.

Speculators jumped on to this bandwagon of rising bond prices and by midweek euphoria was spreading throughout the market. But a renewed uptick in short-term interest rates in New York sent prices skidding there and in the Euromarket. These declines were only partially erased Friday in the wake of an unexpectedly large decline in the U.S. money supply.

The essential point to be learned from all this is that this is a trader's market, with professionals rushing in and out as the tea leaves change. This instability will continue until investors are drawn back into the market by evidence that rates have reached a plateau or are set to decline.

The market, said one analyst, "is driven by statistics watchers." A favorable report on a decline in the U.S. money supply will send them rushing to buy bonds and a drop in the unemployment rates will send them selling. Behind this frenetic activity is the constant reassessment of where the Federal Reserve wants dollar interest rates to be.

Part of last week's early boom was fueled by expectations that the Fed, constrained by the impact that higher rates are having on developing countries' ability to service their bank debt, would cut its discount rate. But the rise late in the week in overnight money costs signaling new tightness by the Fed killed that rumor.

This week, statistics watchers will have the latest index numbers on retail sales, wholesale prices and industrial production to interpret for clues about the rate of inflation and economic growth and the likely Fed response.

All that said, some issues offered last week fared better than the weak average.

The best received was the Industrial Bank of Japan's $125 million of seven-year notes offered at par bearing a coupon of

(Continued on Page 17, Col. 5)

Eurobond Yields

For Week Ended June 6

U.S.$ lg term, Int'l Inst.	13.44 %
U.S.$ long term, Ind.	13.37 %
U.S.$ medium term, Ind.	13.38 %
Cons medium term	13.62 %
French Fr. medium term	13.00 %
Yen lg term, Int'l Inst.	7.71 %
ECU short term	10.82 %
ECU medium term	11.09 %
ECU long term	11.26 %
EUA long term	9.80 %
FLX lg term, Int'l Inst.	11.03 %
FLX medium term	10.69 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover

For Week Ended June 8
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	7,230.20	5,830.10	1,400.10
Euroclear	11,966.40	11,053.10	913.30

4 Convicted In U.S. in Tax Case

The Associated Press

NEW YORK — Four Wall Street executives have been found guilty of conspiring to defraud the Internal Revenue Service in a case that allegedly involved $130 million in unjustified tax deductions.

Prosecutors said it was the largest tax fraud case in U.S. history.

A U.S. District Court jury reached guilty verdicts Friday on 15 counts but did not decide on 49 additional charges, including all the charges against a fifth defendant. Judge Richard Owen told the jurors to resume deliberations Monday.

Federal prosecutors said the defendants had created a risk-free tax haven by selling securities that existed only on paper.

Their customers, who were not accused of wrongdoing, included Norman Lear, the producer; Sidney Poitier, the actor; Henry Mancini, the composer; and a number of known business figures.

Defense lawyers contended that the defendants' firms, Sentinel Government Securities and Sentinel Financial Instruments, were merely taking advantage of a loophole in the tax laws.

The five executives all were charged with conspiring to defraud the Internal Revenue Service. Four of them, Michael Senft, 44, of New York, his brother, David Senft, 40, also of New York; Joseph Antonucci, 31, of Irvine, California; and Walter Orchard, 35, of Somers, New York, were found guilty of the conspiracy charge.

Mr. Orchard also was found guilty of assisting the filing of false returns.

The jury did not reach verdicts on the charges against Frank Snsi, 32, of Stamford, Connecticut, who was charged with aiding the filing of a false investors' tax return.

Jurors were asked to decide whether the securities trading had in fact taken place. Prosecutors said it had not, and that it was a game that was intended to deceive the IRS. But defense lawyers said the trades were real and had securities experts testify in support of that position.

Sentinel said it was making its tax deductions based on long- and short-term positions. This strategy, called a "straddle," seeks to produce short-term losses on securities, then taking tax deductions on them, while pushing taxable gains into later years.

They said the procedure was legal because the government securities market is largely unregulated.

Liberia Squeezed by Economic Woes

By Clifford May
New York Times Service

MONROVIA, Liberia — In 1822 an American expedition arrived on the west coast of Africa and, for the price of six muskets, one cask of gun powder, a box of beads, three pairs of shoes, a barrel of rum and other considerations, purchased a piece of land that would become Liberia, the continent's first independent republic.

Now, the United States is again trying to encourage the formation of a republican government in Liberia. This time, however, the cost is somewhat higher: Washington's aid budget for Liberia is set at $77 million in the 1984 fiscal year, more on a per-capita basis than it provides in any other nation in black Africa. And for fiscal 1985, $91.7 million has been requested.

"The Americans are spending a fortune trying to make Liberia a showcase," said one senior European diplomat. "I don't envy them the task."

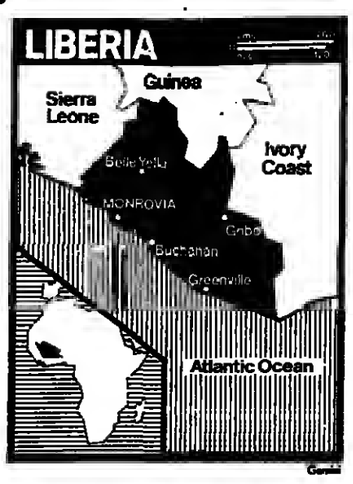
Liberia is unique in Africa in that it was founded by freed American slaves, largely financed by President James Monroe, after whom the nation's capital was named.

It has remained a nation that in many ways is more American than African. For much of the 20th century, Firestone Tire & Rubber Co. was the dominant economic force in Liberia, maintaining one of the largest rubber plantations in the world.

During the 1960s, Liberia's economy grew at a brisk rate of 8 percent or better, but the world recession in the next decade struck a painful blow, leading to rising prices and the social and political unrest that culminated a bloody 1980 coup by Master Sergeant Samuel K. Doe and other noncommissioned officers.

Ruling with a heavy hand, Mr. Doe tried to get the country back on its feet. But it soon became obvious that outside help was needed. Responding to offers of aid to Liberia from Libya and the Soviet Union, the United States moved in with its own massive assistance program, including more than $40 million so far devoted to the construction of new housing for Liberia's 6,000-man army.

"It's a basic rule in Africa," said a Western diplomat, "If you want the soldiers to return to the



barracks you'd better have some decent barracks for them to return to."

Still, the military is one of the few sectors of the economy to benefit from Mr. Doe's takeover. The 1980 coup raised economic expectations that the Doe regime has had little success in meeting.

Soon after taking power, the new head of state doubled the salary of all soldiers and civil servants and expanded the number of public employees from 28,000 to 44,000. Taking such measures at a time when foreign debt stood at $800 million and demand for iron ore, Liberia's chief export, was declining made further deterioration inevitable, economists here say.

Before long, the economy was contracting at about 5 percent a year. Although the civil service has since been trimmed and salaries cut, virtually all of Liberia's $375-million annual budget now goes for recurrent expenditures with practically nothing left over for development: The country's

(Continued on Page 15, Col. 6)

Airlines Follow People Express In Cutting Fares

By Robert E. Dallos
Los Angeles Times Service

NEW YORK — Several U.S. airlines have decided to cut their coast-to-coast fares to compete with those that People Express Airlines plans to offer beginning this week.

In addition, the new transcontinental fare competition started by People Express, with its new $119 one-way fare between Los Angeles and Newark, New Jersey, spread to Kennedy International Airport near New York.

Trans World Airlines, American Airlines and World Airways all said Friday that they will offer fares that are competitive with People Express's in one form or another. United Airlines did so Thursday, immediately after People Express announced its fare. TWA, American and United said they will offer the new low fares on certain flights into and out of Kennedy airport.

But even though the low fares between the New York metropolitan area and Los Angeles spread quickly, most airline officials and analysts said that they do not believe that a fare war has erupted.

"This is a competitive action," said Lowell Duncan, vice president of public relations for American.

The airlines maintain that while the fares have been matched on some flights, restrictions on length of stay and advance purchase of tickets continue to apply on fares except those of People Express and World Airways.

The analysts also predicted that the fare-cutting will not hurt the airlines financially during the usually busy summer tourist season. The real repercussions could be felt in the fall and winter, when traffic normally falls off.

"The summer does not make that much difference," said Hans J. Plickert, first vice president of E.F. Hutton & Co. "But no one knows the ingredients for the lowering of the fare structure after the summer, and if that does occur it would [cut] profits of the big carriers."

The fare-cutting began after People Express made its long-expected decision to begin transcontinental service. It presently flies from Newark to London for $159 one-way, and serves a number of cities in the East and Midwest.

Effective Saturday, American will cut its "supersaver" nonstop transcontinental fares between Newark and Kennedy airports and Los Angeles to $298 round-trip, with a 14-day advance purchase and seven-day minimum and 21-day maximum stay.

American's "easysaver" fare will be cut in $328 round-trip with a seven-day advance purchase and seven-day minimum stay.

TWA's fares will be $119 one-way, with the same restrictions as American. The fare will be $149 with a seven-day advance purchase and a requirement that the traveler remain at the destination over a Saturday night.

TWA said the new fares will apply only to one westbound and two eastbound flights daily. These flights carry mostly domestic passengers.

Its other flights are typically filled with travelers connecting or continuing from flights abroad. The transcontinental portion of their ticket is already greatly discounted, the carrier said.

World Airways reduced its fares on the Los Angeles-to-New York night flight to $119 and all others in both directions in $149.

U.S. News Buyer Reportedly Found

By Peter W. Barnes
New York Times Service

NEW YORK — The directors of U.S. News & World Report Inc. have approved the sale of the company to Mortimer B. Zuckerman, a Boston real estate developer who owns The Atlantic magazine, according to a source close to the transaction.

Barring any last-minute complications, Mr. Zuckerman is expected to announce on Monday his purchase of the company, which publishes U.S. News & World Report. The source, who asked to remain anonymous, estimated Friday that Mr. Zuckerman's bid was $150 million to $200 million.

James H. McIlhenny, president of U.S. News, would neither confirm nor deny the report of the sale.

A spokesman for Mr. Zuckerman said he was in meetings Friday and was not available for comment. The spokesman said Mr. Zuckerman had received "no formal word" from U.S. News.

U.S. News & World Report, with a paid circulation of 2.1 million as of Dec. 31, is the third-largest weekly news magazine in the United States, behind Time and Newsweek.

The parent company also owns Publishers Services International, a typesetting company, and half of a valuable 3.5-acre (1.4-hectare) Washington real estate development in a joint venture with Mr. Zuckerman.

Magazine industry officials said Mr. Zuckerman was the "logical choice" for taking the helm of U.S. News in light of his real estate background and his lengthy business partnership with the company.

The magazine has been more successful editorially than commercially. According to the Publishers Information Bureau, the magazine's advertising revenue grew from $83.8 million in 1982 to $93.9 million last year, ranking it 13th among all magazines.

However, the publication is used to post operating profits that are far below 20 percent of sales, the industry's standard.

BankAmerica Plans Data Centers in Asia

Reuters

NEW YORK — BankAmerica Corp. has announced plans to build data centers in Hong Kong and Singapore, at a cost of $90 million.

The project, announced Friday, is to be part of the bank's $175-million international banking system. It will automate foreign exchange and money trading, funds movement, correspondent banking services and accounting in Asia. The worldwide project is expected to be completed in 1988.

Investors Search for Direction of the Fed's Policy

By Michael Quint
New York Times Service

NEW YORK — Interest rates were mixed Friday, with only small increases for most securities due in less than a year, and small declines for longer-term notes and bonds.

The uneven pattern comes at a time when investors and traders are unsure about the near-term direction of Fed policy, and waiting for

U.S. CREDIT MARKETS

more information about the economy's performance during the second quarter. The course of the economy and Fed policy are closely related, and economists expect that continued rapid economic growth would encourage the central bank to allow, or even to encourage, higher interest rates. Eventually, it is hoped, higher rates would slow the pace of the economic expansion to a sustainable rate of about 4 percent.

To gauge the Fed's posture, many analysts are watching the overnight rate for bank loans in the federal funds market, which averaged about 10¾ percent Friday, down from about 11 percent Thursday. Some analysts point to recent increases in the overnight loan rate — to an average of 10.72 percent in the week ended June 6 from 10.3 percent in the May 31 week and 9.75 percent May 23 — as evidence that the Fed is encouraging higher rates.

Others, however, said the overnight rate is volatile and easily influenced by short-lived technical factors. They note that the overnight rate averaged over 11 percent May 8 through May 10 before declining later in the month.

"I don't think you can infer from the recent funds rate behavior that the Fed has tightened policy," said Elliott Platt, money-market economist at Donaldson, Lufkin & Jenrette Securities.

While economists are not sure the average rate for federal funds loans will emerge at 10½ or 11 percent, recent increases have been enough to put upward pressure on other short-term rates. The rate for three-month Treasury bills, for example, rose to 9.88 percent from 9.83 percent and the six-month bill rate rose by a slightly larger amount to 10.53 percent.

Strong growth in business demands for short-term loans has been a widely cited reason for rising interest rates. While loan demand at banks and sales of commercial paper have been robust this year, the latest weekly data compiled by the Fed showed declines in both categories. The Fed announced Friday that business loans outstanding at large banks across the United States fell by $1 billion, to $235.95 billion.

U.S. Consumer Rates

For Week Ended June 8

Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	10.78 %
Money Market Funds Donoghue's 7-Day Average	9.74 %
Bank Money Market Accounts Bank Rate Monitor Index	9.36 %
Home Mortgage FHLB average	14.34 %

Southland Convicted of Conspiracy

By Joseph P. Fried
New York Times Service

NEW YORK — Southland Corp., one of the largest retailers in the United States, has been found guilty of criminal conspiracy stemming from what the government said was a plan to bribe New York state officials to fix sales tax cases.

The sales tax cases involved the 7-Eleven convenience store chain, which Southland runs. No bribes were actually paid, but Justice Department prosecutors said that illicit planning to arrange the payoffs took place in the "unbridled pursuit of profit" and included the establishment in 1977 of a $20,000 bribery "slush fund."

In a second key aspect of the conspiracy, the prosecutors said, the defendants later sought to "defraud the United States" by falsely claiming that nearly $100,000 paid out by Southland to facilitate the state bribery plan had been a legal-services fee deductible as a business expense on Southland's federal income-tax return.

In the verdict, reached Friday night, a second defendant, Eugene F. Mastropieri, a former New York City councilman from Queens, was also convicted of the criminal conspiracy charge after a monthlong trial in Federal District Court in Brooklyn. The prosecution said he was to have been the "conduit" for paying the bribes.

In additinn to being asked whether it had found the defendants guilty or not guilty of the basic conspiracy charge, the jury was also asked which of the two subplots in the overall conspiracy it found each defendant guilty of — the plan to bribe the state tax officials, or the one to defraud the United States by falsely stating the nature of the money that the prosecution said Southland paid out in the bribery plan.

The jury said it found Mr. Mastropieri guilty of both but had found Southland guilty only of the one to defraud the United States.

Mr. Mastropieri, 46, faces up to five years in prison and a fine of up to $10,000 when sentenced July 27. Southland faces a fine of up to $10,000.

CURRENCY RATES

Late interbank rates on June 8, excluding fees.
Official fixings for Amsterdam, Brussels, Milan, Paris. New York rates at 4:00 pm EDT.

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	3.038	4.239	112.79 *	34.66 *	0.1815	—	5.534 *	135.14 *	131.15 y
Brussels (c)	55.04	76.805	20.4195	6.5375	3.2928 *	18.106	—	24.505	23.758 *
Frankfurt	2.6945	3.7585	—	32.49 *	1.61 x	88.70 *	4.896 *	119.95 *	1.164 *
London (b)	1.393	—	3.7595	11.5628	2.335125	4.2408	78.65	3.1345	322.675
Milan	1,671.50	2,335.50	620.93	201.68	—	550.61	30.422	745.25	7.228
New York (c)	—	1.395	2.69	8.275	1,673.00 *	3.034	54.89	2.2453	231.475
Paris	8.2865	11.5765	307.78 *	—	4.953 x	272.90 *	15.07 *	369.72 *	3.579 *
Tokyo	231.20	322.36	85.67	27.88	13.85 *	75.98	419.55 *	102.83	—
Zurich	2.2498	3.1351	83.30 *	27.12 *	0.1344	73.93 *	4.0771 *	—	0.9714 *
1 ECU	0.8279	0.5942	2.2317	6.8662	1,385.78	2.517	45.5496	1.8597	191.794
1 SDR	1.04599	0.74917	2.81811	8.6676	1,748.90	3.1777	57.5556	2.3495	242.256

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.8942	Australian $	1.1183	1.1355	Irish £*	0.8807	0.4753	Singapore $	2.104
0.0528	Austrian schilling	18.945	0.0048	Israeli shekel	209.075	0.7778	S. African rand	1.2866
0.0179	Belgian fin. franc	55.80	3.5727	Kuwaiti dinar	0.2965	0.0012	S. Korean won	799.80
0.7684	Canadian $	1.3014	0.4337	Malay. ringgit	2.3058	0.0865	Sven. krona	11.570
0.1089	Danish krone	9.9125	0.1296	Norw. krone	7.7165	0.1247	Swed. krona	8.022
0.1737	Finnish mark	5.7575	0.0662	Phil. peso	18.1145	0.0251	Taiwan $	39.84
0.0093	Greek drachma	107.50	0.0072	Port. escudo	139.844	0.0435	Thai baht	22.975
0.1281	Hong Kong $	7.8045	0.2851	Saudi riyal	3.5075	0.2724	U.A.E. dirham	3.6715

$ Sterling: 1.2278 Irish $

(a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000
N.Q.; not quoted; N.A.: not available.

Brazil Threatens to 'Dump' Sugar, Leave World Group

The Associated Press

BRASILIA — Brazil will "dump" sugar on the world market and drop out of the International Sugar Organization if other producers continue their "stubbornness," the minister of commerce and industry, João Camilo Penna, has warned.

"As Brazil produces the cheapest sugar in the world, it is in a position to undertake dumping," Mr. Camilo Penna said Friday. "If there is stubbornness on the part of other countries, Brazil will remove itself from the [International Sugar] Agreement."

Sugar producers are to meet Monday in Geneva with the world market in a continuing slump, and the press here has reported that the European Community and Australia plan to demand sharply increased export quotas under the international agreement.

Brazil, the world's largest cane-sugar grower and a major exporter, with a current export quota of 2.8 million tons, opposes a significant reduction in its global market share. The financially strapped nation depends heavily on exports to keep afloat economically.

Sugar currently sells on the international market for around 6 U.S. cents a pound, nearly a historic low.

Market Closings

Financial markets in Australia, West Germany, France, Belgium, Hong Kong, Luxembourg, the Netherlands, Switzerland, Sweden, Norway and Denmark are to be closed Monday for a holiday.

International Bond Prices - Week of June 7

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston
Prices may vary according to market conditions and other factors.

(Continued from Page 6)

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	Voest-Alpine	8½	'88 Oct	101¼	8.15	7.93	8.43
dm 100	Voest-Alpine	6¾	'89 Jun	98¼	7.17	7.41	6.87
	BELGIUM						
dm 100	Belgelectric Finance	10½	'89 Jun	107	8.73		9.81
dm 100	Belgelectric Finance	11	'91 Oct	112	8.74		9.82
	CANADA						
dm 200	Canada	8½	'88 Apr	107⅞	6.02		7.89
dm 100	Air Canada	9	'92 Aug	105⅛	8.11		8.55
dm 100	Air Canada	7¾	'93 Jun	100¼	7.33		7.36
dm 100	Amco International	8¼	'91 Dec	101	8.07		8.17
dm 100	Brascon Intl Bv	8½	'88 Oct	100⅝	8.42	8.38	8.48
dm 100	Canadian Imperial Bk	7	'89 May	99	7.29		7.07
dm 200	Hydro-Quebec	6½	'87 Aug	99	6.85		6.57
dm 150	Hydro-Quebec	6¼	'87 Dec	97⅞	6.98		6.39
dm 100	Hydro-Quebec	7½	'89 May	100½	7.33		7.46
dm 150	Hydro-Quebec	10¼	'94 Dec	111⅛	8.20		9.21
dm 200	Hydro-Quebec	5	'93 Feb	102½	7.40		7.82
dm 100	Hydro-Quebec	7¾	'94 May	100	7.74		7.75
dm 100	Manitoba Hydro-Elec	6¾	'87 Jun	100	6.74	6.74	6.75
dm 150	Manitoba Prov	6½	'88 Jul	100½			6.47
dm 200	Manitoba Prov	7¾	'92 May	100½	7.29		7.34
dm 100	Montreal	8½	'86 Jul	102⅜	7.03	7.75	8.48
dm 100	Montreal	7	'87 Jul	99½	7.18	7.20	7.04
dm 100	Montreal	7	'89 Apr	98½	7.37	7.80	7.11
dm 100	Montreal	6	'92 Sep	93¾	7.01	7.75	6.40
dm 100	Montreal	6¾	'92 Jun	97¼	7.09	7.37	6.59
dm 20	New Brunswick Prov	6¾	'87 Nov	99½	6.91	7.03	6.78
dm 80	Newfoundland Prov	7¼	'88 Aug	100½	3.89	3.87	7.21
dm 50	Newfoundland Prov	8	'88 Aug	101¼	7.36	6.93	7.90
dm 100	Newfoundland Prov	6¾	'87 Nov	98⅝	7.17	7.46	6.84
dm 100	Newfoundland Prov	6½	'88 Apr	100	6.49	6.49	6.50
dm 100	Nova Scotia Power	7	'87 Dec	99½	7.16	7.25	7.04
dm 100	Nova Scotia Prov	7¾	'88 Dec	100⅝	7.43	7.56	7.73
dm 100	Ontario Hydro-Elec	7½	'88 Dec	100¼	7.38	7.31	7.48
dm 100	Ontario Hydro-Elec	6½	'87 Jun	101½	5.96	8.48	6.40
dm 100	Ontario Hydro-Elec	6½	'88 Mar	97¼	6.79	6.86	6.93
dm 100	Ontario Province	6	'87 Sep	98½	6.50	6.92	6.59
dm 100	Quebec Hydro-Elec	7¼	'88 Sep	100	7.24	7.24	7.25
dm 100	Quebec Hydro-Elec	5	'88 Sep	100	7.99	7.99	8.00
dm 100	Quebec Hydro-Elec	6½	'87 Apr	100⅝	6.20	6.05	6.45
dm 100	Quebec Hydro-Elec	6½	'88 Mar	99⅝	6.57	6.42	6.93
dm 150	Quebec Prov	7½	'87 Feb	100	6.25		7.28
dm 150	Quebec Prov	7¾	'87 Jun	102	6.50		7.11
dm 100	Quebec Prov	6½	'87 Jul	99	6.86	7.18	6.57
dm 150	Quebec Prov	6	'88 May	95	7.05	7.49	6.32
dm 200	Quebec Prov	7½	'92 Apr	100½	7.40		7.46
dm 150	Quebec Prov	10¼	'92 Sep	112	8.49		4.68
dm 150	Quebec Prov	10⅛	'93 Feb	100¼	8.46		4.37
dm 100	Royal Bank Of Canada	7¾	'93 Aug	100	7.74		7.75
	DENMARK						
dm 150	Denmark	7	'88 Aug	100	6.99	6.99	7.00
dm 100	Denmark	5¾	'85 Feb	99⅝	6.14		6.78
dm 100	Denmark	7¾	'94 Feb	100½	7.54		7.84
dm 100	Denmark	7¼	'87 May	100	7.24		7.25
dm 100	Denmark	6¾	'87 Dec	99	7.07	7.26	6.93

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	Denmark	6	'86 Feb	94	7.92		6.38
dm 100	Denmark	[illegible]	'88 Mar	105⅝	8.18		7.46
dm 100	Denmark	7¾	'86 May	101½	7.20		7.64
dm 100	Denmark	6½	'88 Feb	94¼	8.00		6.68
dm 100	Denmark	9¾	'88 Mar	102¼	6.44	8.36	9.05
dm 150	Denmark	7½	'88 Apr	99¼	7.88		7.46
dm 100	Denmark	9½	'93 May	104	8.62		9.13
dm 100	Denmark	8¼	'92 Feb	100½	8.14		8.21
dm 100	Denmark	10¾	'92 Mar	108½	8.59		4.32
dm 100	Denmark	8	'93 May	100	7.99		8.00
dm 150	Denmark	7¾	'94 Apr	97	8.23		8.12
dm 75	Copenhagen City	5¾	'84 Dec	99	7.31	7.78	5.81
dm 100	Copenhagen City	7¾	'86 Apr	101	7.15	6.99	7.67
dm 79	Copenhagen City	7½	'86 Dec	101	7.05	6.84	7.43
dm 125	Copenhagen City	6	'87 Sep	96	7.46	8.57	6.51
dm 79	Copenhagen City	6	'90 Nov	92½	7.49	8.46	6.49
dm 100	Copenhagen City	8½	'94 Jan	100½	8.42		8.46
dm 40	Copenhagen Telephone	7½	'87 Jan	102	6.44	6.25	7.35
dm 79	Copenhagen Telephone	7	'87 Mar	101	6.61	6.49	6.93
dm 80	Copenhagen Telephone	6½	'88 Apr	98¾	6.82	7.03	6.58
dm 100	Copenhagen Telephone	5¾	'93 Jul	102	8.45		8.58
dm 30	Den Danske Bank	8¼	'86 Nov	100¼	8.13	6.87	8.03
dm 80	Denmark Mortgage Bk	7¾	'88 Nov	100	7.49	7.49	7.50
dm 100	Denmark Mortgage Bk	7	'88 Jul	99¼	7.31	7.36	7.05
dm 150	Denmark Mortgage Bk	8½	'89 Jul	101¼	8.22		8.40
dm 100	Denmark Mortgage Bk	10½	'91 Nov	109¼	8.68		9.57
dm 100	Denmark Mortgage Bk	8½	'93 Feb	100⅛	8.47		8.46
dm 20	Jutland Telephone	7¼	'88 Sep	98	11.05		7.37
dm 40	Jutland Telephone	6¾	'87 Mar	97	7.99	8.51	6.96
dm 40	Jutland Telephone	7¼	'88 Feb	99¼	7.32	7.37	7.27
dm 50	Jutland Telephone	8¼	'90 Feb	101	8.27		8.42
	EUROPEAN INSTITUTIONS						
dm 100	Council Of Europe	6¼	'87 Nov	97¼	7.17	7.82	6.43
dm 100	Council Of Europe	5¾	'88 Mar	98	6.71	7.03	6.25
dm 80	Council Of Europe	7	'88 Jul	99⅝	7.37	7.13	7.03
dm 50	Council Of Europe	8¼	'88 Jul	101¼	7.41		7.99
dm 125	Council Of Europe	6¾	'88 Nov	96½	7.19	7.37	6.46
dm 120	Council Of Europe	7¼	'88 Mar	99¾	7.27	7.44	7.29
dm 125	Council Of Europe	7½	'89 Oct	99	7.73	7.36	7.58
dm 100	Council Of Europe	10	'92 Jan	107¼	8.57	8.16	9.32
dm 100	Council Of Europe	10¼	'92 Oct	106⅜	8.97	8.64	9.63
dm 150	Council Of Europe	10	'92 Feb	107¼	8.68	8.37	9.32
dm 100	Council Of Europe	5¾	'93 Jun	102½	8.35	8.28	8.54
dm 125	Council Of Europe	8¾	'92 Nov	100¾	8.17	8.09	8.17
dm 160	Council Of Europe	7¾	'92 Feb	98⅛	8.11	8.17	7.99
dm 150	Council Of Europe	8¾	'93 Jul	100½	8.29	8.38	8.33
dm 150	Council Of Europe	8¼	'93 Nov	98	8.54		8.55
dm 150	Council Of Europe	8¼	'94 Feb	100	8.24		8.25
dm 100	Ecs Euro Coal & Steel	8½	'85 Apr	101¾	6.26	6.27	8.36
dm 100	Ecs Euro Coal & Steel	7½	'88 May	101⅛	6.59	6.57	7.37
dm 75	Ecs Euro Coal & Steel	7¼	'85 Oct	100½	7.51	7.34	7.71
dm 125	Ecs Euro Coal & Steel	9¾	'87 Jun	105	7.61		9.29
dm 100	Ecs Euro Coal & Steel	6½	'87 Jul	99¼	6.79	7.14	6.55
dm 150	Ecs Euro Coal & Steel	7	'88 Jan	99	7.32	7.53	7.07
dm 150	Ecs Euro Coal & Steel	4½	'88 Apr	97¼	7.16	7.37	4.63
dm 150	Ecs Euro Coal & Steel	4	'88 Nov	95¾	7.28		4.38
dm 100	Ecs Euro Coal & Steel	7¾	'88 Nov	100½	7.61	7.51	7.71
dm 150	Ecs Euro Coal & Steel	9½	'88 Dec	103½	8.61	8.24	9.20
dm 150	Ecs Euro Coal & Steel	7¾	'93 Jan	100⅝	7.88		7.80
dm 150	Ecs Euro Coal & Steel	5¾	'94 Apr	15	6.72	7.03	5.65
dm 140	Ecs Euro Coal & Steel	8	'94 Aug	100½	7.89		7.96

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 120	Ecs Euro Coal & Steel	10	'91 Mar	105⅝	8.84	8.50	9.46
dm 150	Ecs Euro Coal & Steel	7	'91 Apr	96¼	7.71	7.97	7.27
dm 150	Ecs Euro Coal & Steel	7¾	'92 Sep	97⅛	8.00	8.06	7.93
dm 150	Ecs Euro Coal & Steel	3¾	'92 Jan	95¾	8.19	8.30	7.83
dm 40	Ecs Euro Coal & Steel	9¾	'94 Jan	106½	8.73	8.37	9.15
dm 200	Ecs Euro Coal & Steel	8	'94 Nov	98¼	8.25	8.59	8.14
dm 200	Eec Europ Econom Com	5	'93 Jun	99½	8.08		8.04
dm 250	Eec Europ Econom Com	5¾	'92 Jan	100	8.24		8.25
dm 100	Eec Europ Econom Com	10¾	'93 Oct	107½	8.92	8.22	4.42
dm 200	Eec Europ Econom Com	9¾	'94 Apr	105¾	8.78		9.18
dm 100	Eec Europ Econom Com	5	'94 Nov	97	8.14	8.21	8.08
dm 200	Eec Europ Econom Com	7¾	'85 Feb	97	8.17	8.38	7.99
dm 100	Eib Europ Invest Bank	7	'86 Nov	100⅛	6.36	6.28	6.99
dm 100	Eib Europ Invest Bank	6¾	'84 Dec	100⅞	4.52	4.51	6.19
dm 100	Eib Europ Invest Bank	7½	'88 Mar	101⅛	6.72	6.42	7.41
dm 100	Eib Europ Invest Bank	7¾	'88 Oct	101	7.27	6.94	7.67
dm 100	Eib Europ Invest Bank	6½	'87 Mar	97	6.98	7.12	6.57
dm 100	Eib Europ Invest Bank	7	'89 Sep	99	6.34	6.58	6.06
dm 100	Eib Europ Invest Bank	6¾	'93 Feb	100½	6.52	6.51	6.99
dm 150	Eib Europ Invest Bank	7	'88 Jul	100	6.99	6.99	7.00
dm 150	Eib Europ Invest Bank	6	'89 Aug	96⅛	6.11	7.48	6.22
dm 100	Eib Europ Invest Bank	8½	'85 Nov	101	8.26		8.42
dm 250	Eib Europ Invest Bank	5¾	'90 Mar	97¼	6.11	7.71	5.81
dm 200	Eib Europ Invest Bank	4	'93 Oct	92	7.61		6.58
dm 200	Eib Europ Invest Bank	9½	'88 Dec	103¼	8.53		9.03
dm 200	Eib Europ Invest Bank	8½	'91 Jan	102¼	7.72	8.25	6.53
dm 200	Eurofalm	5¾	'87 Nov	95	7.46		4.05
dm 150	Eurofom	7¼	'88 Jun	95	8.17		7.75
dm 50	Eurofima	6¼	'87 Sep	99¼	6.11	6.19	6.30
dm 100	Eurofima	5½	'88 Feb	96½	6.51	7.25	5.70
dm 100	Eurofima	6½	'88 Mar	99½	6.65	6.24	6.51
dm 80	Eurofima	8	'89 Oct	103	7.31	6.97	7.71
dm 80	Eurofima	5½	'88 Nov	96	6.52	7.84	5.73
dm 100	Eurofima	6½	'88 Feb	99½	6.58	6.70	6.53
dm 100	Eurofima	7½	'93 Oct	99½	7.54		7.46
dm 100	Eurofima	7¾	'93 Oct	100¼	7.71		7.97
dm 100	Eurofima	7½	'92 Mar	99½	7.61		7.54
dm 100	Eurofima	10¼	'93 Nov	109	8.58		9.40
dm 100	Eurofima	8¼	'94 Nov	104½	8.18		8.41
dm 100	Eurofima	7¼	'94 Mar	99¼	7.72		7.68
	FINLAND						
dm 150	Finland	5¾	'84 Feb	98¼	4.88		5.85
dm 100	Finland	10½	'88 Mar	106	7.11		9.91
dm 100	Finland	8	'88 Dec	101	7.82		7.92
dm 100	Finland	7	'87 Apr	97½	6.99	6.99	7.08
dm 150	Finland	7½	'88 May	100½	7.35		7.46
dm 150	Finland	9¾	'85 Apr	106¼	8.03		9.13
dm 100	Finland	10	'87 May	101¼	8.41		4.41
dm 150	Finland	5	'93 Nov	100¾	7.84		7.94
dm 150	Finland	7½	'94 Apr	97½	7.98		7.89
dm 50	Helsinki City	6¾	'92 Jun	102	8.52	8.42	6.20
dm 79	Imatran Voima	5	'87 Jan	100	7.99	7.99	8.00
dm 20	Ind Mtge Bank Finland	5	'88 Dec	100⅛	7.31	7.63	7.88
dm 70	Ind Mtge Bank Finland	7	'87 Jul	98	7.74	7.34	7.14
dm 80	Rautaruukki Oy	8¾	'88 Apr	95	7.37	8.15	6.05
dm 80	Tvo Power Company	6	'88 Feb	99½	7.53	8.52	6.38
dm 50	Union Bank Finland	6½	'88 Dec	98¼	7.49	2.96	6.75
	FRANCE						
dm 82	Aeroport De Paris	8¼	'92 Dec	99½	8.32		8.29
dm 100	B.F.C.E.	8¼	'94 Jul	100½	.0	1.08	8.21

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	B.F.C.E.	7¾	'87 Jan	101	7.32		7.67
dm 100	B.F.C.E.	7	'87 Feb	99¾	7.18	7.16	7.02
dm 150	B.F.C.E.	5¾	'88 Jan	95½	7.18	7.68	6.02
dm 100	B.F.C.E.	9¼	'89 Aug	104½	8.10		8.85
dm 100	B.F.C.E.	8½	'90 Jul	100½	8.14		8.21
dm 100	B.F.C.E.	8½	'95 Jan	99¼	8.19	8.21	8.17
dm 100	Banque Nat De Paris	7¾	'93 Mar	99½	7.85		7.79
dm 100	Caisse Centr Coop Eco	8½	'85 Apr	101½	6.58	6.99	8.37
dm 79	Caisse Centr Coop Eco	8½	'86 Jul	100½	8.23	8.00	8.44
dm 100	Caisse Centr Coop Eco	7	'89 Apr	97⅛	7.30	7.27	7.85
dm 100	Caisse Nat Energie	8	'93 Jan	98⅝	8.28		8.10
dm 100	Caisse Nat Telecom	8½	'95 Oct	101	7.88	7.22	8.42
dm 100	Caisse Nat Telecom	6¾	'87 Mar	98¼	6.68		6.36
dm 100	Caisse Nat Telecom	9¾	'97 Aug	103	8.63		8.85
dm 100	Caisse Nat Telecom	7¾	'93 Feb	97⅛	8.19		7.97
dm 100	Cie Franc Petroles	6½	'84 Jul	100⅝	2.46		6.48
dm 100	Cie Franc Petroles	8½	'85 May	102½	5.60		8.29
dm 100	Cred Equipm Pett Moy	5	'94 May	97⅛	8.14		8.86
dm 150	Credit Foncier France	8½	'88 Jul	100⅝	8.38		8.79
dm 200	Credit Foncier France	7¾	'92 Apr	97⅞	8.32		8.01
dm 100	Credit Foncier France	8¼	'85 May	102⅝	8.31		8.54
dm 150	Credit National	6	'87 Oct	96	7.35	8.41	6.25
dm 200	Credit National	8¼	'94 Feb	99	8.37		8.31
dm 100	Electricite De France	8¼	'88 Mar	100¼	8.30		8.23
dm 100	Electricite De France	8¾	'92 Sep	103	8.30		8.62
dm 200	Electricite De France	8¾	'93 Oct	100⅝	8.25		8.71
dm 200	Michelin Finance	7¾	'88 Apr	99	7.56		7.83
dm 150	Renault	10¾	'86 Jul	105½	7.81		10.19
dm 150	Renault	5	'94 Jun	100¾	7.94		7.98
dm 100	Sncf	8¾	'92 May	102¼	8.33	8.19	8.46
dm 100	Sncf	7¾	'93 Mar	99⅞	8.07	8.09	7.97
dm 100	Sncf	8¼	'93 Dec	99½	8.38	8.30	8.17
dm 62	Ste Develop Reg Sdr	7½	'88 Apr	100⅝	7.20	7.37	7.48
dm 100	Ste Develop Reg Sdr	7¾	'93 Jan	97⅝	8.27		8.04
	GERMANY						
dm 150	Audi Finance	7¾	'84 Feb	77	7.32		7.85
dm 150	Bayer Capital Co	7¾	'89 Nov	101	7.29		7.53
dm 100	Daimler-Benz Fin-Hold	8	'85 Nov	101½	8.48	8.25	7.88
dm 100	Degussa Intl Fin	7½	'94 Feb	101¼	7.31		7.41
dm 250	Dresdner Finance Cu/w	4	'93 Jun	103	3.08		3.81
dm 150	Kloeckner-Humboldt	6¾	'92 May	98½	7.22	7.55	6.85
dm 300	Veba Intl Fin Cu/w	4	'87 Dec	118	1.93		3.39
dm 300	Veba Intl Fin Ex/w	4	'87 Dec	77	7.40		5.19
dm 200	Volkswagen Intl Fin	7¾	'93 Mar	97	7.72		7.47
	HOLLAND						
dm 125	Akzo Nv	4	'93 May	105⅝	7.37	7.82	8.55
dm 200	Baxter Travenol Intl	7¾	'88 Feb	97½	7.88		7.46
dm 100	Estel Nv	8¼	'85 Jun	101⅛	7.16	7.15	8.40
dm 100	Estel Nv	7¾	'88 Aug	99½	7.88	7.88	7.79
dm 100	Nederland Gasunie	5	'88 Dec	100⅛	7.71	7.63	7.96
dm 75	Philips Gloeilampen	9¼	'88 Dec	105	7.53		7.29
dm 100	Philips Gloeilampen	7½	'93 Jan	100	7.42		8.30
dm 100	Shell Intl. Finance	5¾	'87 Apr	97	6.10	8.93	6.44
dm 100	Shell Intl. Finance	5¾	'88 Feb	99¼	6.54	7.80	6.80
	ICELAND						
dm 50	Iceland	7¾	'87 Apr	100	7.74	7.74	7.75
dm 75	Iceland	9¼	'92 Jan	105	8.48		8.57
	INTERNAT INSTITUTIONS						
dm 60	Asian Develop Bank	7	'88 Sep	100⅛	5.91	5.93	6.68
dm 100	Asian Develop Bank	7	'85 Apr	108⅛	6.48		6.48
dm 100	Asian Develop Bank	8½	'88 May	106	7.53		5.98
dm 100	Asian Develop Bank	7¾	'87 Aug	101⅛	7.54		7.88
dm 100	Asian Develop Bank	10¾	'88 Oct	107½	6.93		10.00
dm 200	Asian Develop Bank	10	'94 May	106⅝	8.92		9.37
dm 100	Asian Develop Bank	8¼	'90 Nov	101¼	8.02		8.32
dm 100	Asian Develop Bank	7¾	'92 Mar	97½	8.23		7.95
dm 100	Asian Develop Bank	11	'92 Apr	106⅛	8.64		9.37
dm 100	Asian Develop Bank	9¼	'92 Apr	104⅛	8.49		8.87
dm 150	Asian Develop Bank	7¾	'92 Aug	103⅝	8.60		8.93
dm 150	Asian Develop Bank	7¾	'92 Nov	97¼	8.17		8.71
dm 100	Asian Develop Bank	8½	'92 Nov	101⅛	8.46		8.40
dm 200	Asian Develop Bank	7¾	'94 Apr	100	7.74		7.75
dm 100	Inter-American Dev Bk	7	'88 Aug	100⅛	6.31	5.28	6.68
dm 100	Inter-American Dev Bk	8½	'87 Sep	101	7.63	7.88	8.43
dm 150	Inter-American Dev Bk	7	'87 Jan	97½	7.21		7.04
dm 100	Inter-American Dev Bk	5¾	'87 Jan	98⅝	6.94	6.87	6.79
dm 100	Inter-American Dev Bk	8¾	'87 Nov	100	6.74	6.74	6.75
dm 100	Inter-American Dev Bk	6¾	'88 Jan	98¼	7.36		6.87
dm 100	Inter-American Dev Bk	5	'87 Jul	99¼	8.32		8.04
dm 40	Nordic Investment Bk	6¾	'84 Jan	99½	4.50		6.82
dm 100	World Bank	5¾	'84 Aug	100¼	4.86		5.74
dm 200	World Bank	5½	'87 Apr	97½	6.13	6.13	5.53
dm 200	World Bank	6¼	'87 May	97½	8.24		8.40
dm 300	World Bank	7	'87 Sep	99⅜	6.41		6.83
dm 150	World Bank	5	'84 Jan	100⅛	7.34	6.14	7.88
dm 100	World Bank	20	'88 May	105	7.13		9.52
dm 100	World Bank	7¾	'88 Jun	102½	6.34	5.71	7.32
dm 250	World Bank	7¾	'84 Dec	101¼	6.68	6.89	7.71
dm 200	World Bank	7	'87 Jan	100½	6.70		6.97
dm 250	World Bank	6¾	'87 Mar	97¾	7.03	7.11	6.80
dm 400	World Bank	6¾	'87 May	99¼	7.08		6.88
dm 250	World Bank	5¾	'87 May	97½	7.12	7.53	6.54
dm 150	World Bank	8½	'88 Jan	100	7.90		8.33
dm 200	World Bank	4	'88 Aug	98½	7.37		6.28
dm 200	World Bank	7¾	'88 Aug	99	8.03		7.82
dm 200	World Bank	8¾	'92 Feb	30	7.51	3.85	6.25
dm 200	World Bank	16	'88 May	105	8.85		9.17
dm 200	World Bank	5	'88 Aug	100¼	7.38		7.94
dm 100	World Bank	17	'91 Sep	113	8.55		9.98
	IRELAND						
dm 100	Ireland	10½	'88 Dec	105⅝	7.79		9.62
dm 100	Ireland	9½	'93 Sep	104¼	7.99		9.11
dm 72	Ireland 7.5980	7	'88 Jan	99	7.32	7.52	7.27
dm 100	Ireland	8½	'88 Jul	101⅛	8.33		8.40
dm 150	Ireland	8¾	'92 Sep	100⅝	8.40		8.45
dm 100	Ireland	8¼	'94 Dec	99	8.43		8.33
dm 100	Ireland	8½	'92 Nov	98⅛	8.43		8.27
	ITALY						
dm 100	Anas Azien Naz Auton	8¾	'88 Jan	100⅛	8.17		8.22
dm 100	Consorzio Di Credito	8½	'91 Jan	101	8.29	8.17	8.42
dm 100	Crediop	5	'92 Jan	101¼	7.95	7.92	8.30
dm 150	Ferrovie Dello Stato	8¾	'88 Mar	103⅝	7.65		8.45
dm 100	Ferrovie Dello Stato	5	'91 Apr	100	7.99		8.00
dm 100	Olivetti Intl Sa	8¼	'94 Jan	102	7.84		8.07
ldm 5	Turin City 11.86	7	'94 Oct	99	8.43	8.38	6.57
	JAPAN						
dm 50	Bank Of Tokyo Curacao	8¾	'87 Jan	102	7.41		8.33
dm 100	Bank Of Tokyo Curacao	7¾	'88 Feb	99⅝	7.38		7.29
dm 100	Fuji Intel Finance	7¾	'93 Feb	98⅝	8.05		7.89
dm 40	Hazama-Gumi Ltd	6¾	'85 Jun	101	7.71		6.66
dm 100	Japan Air Lines	8¼	'87 Nov	104	6.98		7.93
dm 100	Japan Develop Bank	7¾	'87 Sep	101	7.27		7.55
dm 100	Japan Develop Bank	7½	'88 Jul	100½	7.39		7.46
dm 40	Japan Synth Rubber	10¾	'85 Apr	107⅜	7.46		10.01
dm 81	Jusco Co Ltd Osaka	3¾	'88 Feb	144			3.97
dm 700	Kansai Electric	7¾	'88 May	100⅝	7.31	7.17	7.89
dm 100	Kobe City	7¾	'88 Feb	99⅝	7.26	7.05	7.48
dm 100	Kobe City	5¾	'88 Jul	99	6.27		5.81
dm 100	Kobe City	5¾	'87 May	100⅛	6.55	8.44	6.22
dm 100	Kobe City	6¾	'87 Jun	99½	6.48		6.53
dm 150	Kobe City	7¾	'88 Oct	99⅝	7.38		7.14
dm 100	Kobe City	5	'93 Jul	103	7.37		7.77
dm 200	Kobe City	7	'87 Jan	98¼	7.88		7.37
dm 100	Kubota Ltd	7¾	'88 Apr	97½	7.49		7.49
dm 100	Long Term Credit Bk	5	'90 Aug	101⅛	7.88		7.88
dm 150	Mitsubishi Heavy Ind	7¾	'87 Dec	100⅝	7.37		7.22
dm 300	Mitsubishi Heavy Cu/w	3½	'87 Apr	28	2.36		3.57
dm 300	Mitsubishi Heavy Ex/w	3½	'87 Apr	85½	7.19		4.09
dm 100	Nippon Credit Bank	7¾	'91 Apr	95½	8.11		7.88
dm 100	Nissan Tsh/Ne	5¾	'87 Feb	99	5.71		5.08
dm 200	Sumitomo Finance	7¾	'90 Nov	97¾	7.98		7.88
dm 100	Sumitomo Finance	5	'92 Aug	100⅛	7.80		7.94
dm 150	Tokyo Electric Pwr	7¾	'88 Dec	100⅝	6.71	6.71	7.33
dm 100	Tokyo Electric Pwr	4¾	'87 May	100	6.40		6.58
dm 100	Yokohama City	7	'88 Sep	100½	4.84	4.87	6.97
dm 100	Yokohama City	5	'86 Aug	101½	7.32	6.93	7.88
	LUXEMBOURG						
dm 100	Arbed	6¾	'87 Jun	95⅝	8.38		7.05

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 50	Arbed	9	'87 Jun	99⅝	9.29		9.07
	MEXICO						
dm 200	Mexico	4	'85 Apr	97¼	9.58		6.17
dm 200	Mexico	7¾	'88 Jan	97⅝	7.88	8.37	7.42
dm 150	Banco Nacional Obras	7	'84 Oct	98	13.64		7.14
dm 100	Banco Nacional Obras	8	'86 Nov	100⅝	7.88	7.80	7.46
dm 100	Comision Fed Electr	7¾	'85 Nov	97	8.07	8.42	7.92
dm 100	Comision Fed Electr	6¾	'86 Apr	91	9.82	11.38	7.42
dm 150	Nacional Financiera	11	'90 Mar	101½	10.64		10.84
dm 150	Pemex	7	'84 Sep	99½	10.28		7.05
dm 100	Pemex	7	'86 Jan	98	8.83		7.11
dm 100	Pemex	11	'90 Feb	103½	9.15		10.45
	MISCELLANEOUS						
dm 100	African Develop Bank	7¾	'86 Jun	99½	8.02		7.79
dm 100	African Develop Bank	8	'87 Nov	100	7.99		8.00
dm 100	African Develop Bank	5	'94 Apr	96⅝	8.63		8.27
dm 100	Arab Banking Co	8	'86 Sep	99	9.26		8.08
dm 67	Ind Mining Dev Bank	7¾	'85 Apr	100½	4.91	4.91	7.46
dm 120	Ind Mining Dev Bank	7¾	'87 Jul	91⅞	10.99	13.77	8.45
dm 100	Indonesia	7	'94 Oct	99¼	9.45		7.05
dm 100	Korea Develop Bank	7¾	'94 Dec	100	7.24		7.25
dm 100	Malaysia	4½	'85 Sep	98⅝	7.57		6.85
dm 150	Mexal Finance	8¾	'90 Jan	94⅝	7.83	8.41	6.63
dm 150	Mexal Finance	8¾	'92 Jan	100	8.24		8.25
dm 100	Natl Bank Of Hungary	4½	'85 Aug	101½	7.44		6.68
dm 100	Trans Euro.Nat.Gas Pl	8	'93 Nov	99⅝	8.07	8.12	8.04
	NEW ZEALAND						
dm 250	New Zealand	5¾	'86 Mar	99⅝	8.17		5.33
dm 150	New Zealand	7¾	'86 May	102	6.38	5.85	7.33
dm 150	New Zealand	5	'86 Nov	100⅛	7.48	7.37	7.97
dm 200	New Zealand	6¾	'87 Jan	100½	6.78		6.83
dm 150	New Zealand	7	'87 Feb	100½	6.77	6.57	6.97
dm 100	New Zealand	7¾	'87 Jul	100⅝	7.58		8.85
dm 200	New Zealand	7¾	'87 Sep	100	7.72		7.33
dm 200	New Zealand	7¾	'88 Jan	101¼	7.32		7.74
dm 150	New Zealand	8½	'89 Oct	102½	7.83		8.80
dm 200	New Zealand	8¾	'88 Dec	107½	8.03		9.07
dm 250	New Zealand	7¾	'91 Apr	98⅝	7.58		7.86
	NORWAY						
dm 200	Norway	7½	'85 Jan	100⅝	6.82		7.44
dm 50	Ardal Og Sunndal	8	'87 Dec	102½	9.14		7.76
dm 73	Ardal Og Sunndal	10¾	'89 Jul	108	8.76		9.95
dm 20	Bergen City	8¾	'85 May	102⅝	6.57		8.52
dm 50	Bergen City	7¾	'85 Feb	100	7.24	7.08	7.25
dm 80	Norcem A/s	5¾	'87 Mar	98	7.17		5.36
dm 80	Norges Hypotekforen.	7¾	'87 May	101	6.82	6.99	7.42
dm 80	Norges Hypotekforen.	6	'88 Nov	96¼	7.23		6.22
dm 30	Norges Kommunalbank	8½	'85 Oct	101	7.46	7.32	8.42
dm 220	Norges Kommunalbank	6¾	'87 Mar	98⅝	8.54	8.55	8.71
dm 150	Norges Kommunalbank	6¾	'89 Jan	97	7.82	7.55	6.44
dm 100	Norges Kommunalbank	7	'89 Apr	99½	7.88	7.18	7.04
dm 100	Norges Kommunalbank	7¾	'89 Aug	100	7.37	7.37	7.38
dm 200	Norges Kommunalbank	4	'86 Dec	98	8.48	7.45	6.35
dm 100	Norges Kommunalbank	6	'88 Aug	98	6.80	7.30	6.35
dm 100	Norges Kommunalbank	7¾	'92 Jul	98	7.24	7.74	7.74
dm 150	Norges Kommunalbank	7¾	'92 Dec	102	7.88	7.88	7.59
dm 100	Norsk Hydro A/s	5	'88 Jan	100	7.32	7.37	7.30
dm 200	Norsk Hydro A/s	4	'88 Jul	99⅝	7.38	7.40	8.33
dm 150	Norsk Gas	7¾	'86 Dec	101	8.88	8.88	7.38
dm 100	Norsk Gas	7	'88 Jul	99¾	7.32	7.88	7.02
dm 100	Norsk Hydro	3	'87 Mar	105⅝	8.48		8.51
dm 150	Norsk Hydro	8¾	'87 Jan	99½	6.87	6.82	6.78
dm 150	Norsk Hydro	8½	'92 Jun	100¼	7.31		6.15
dm 100	Norsk Hydro	9	'92 Sep	104½	8.11		8.55
dm 50	Norske Industribank	8¾	'88 Jun	97½	6.87	6.93	6.78
dm 125	Norske Industribank	6	'88 May	98⅝	6.72	7.71	6.22
dm 80	Oslo City	7¾	'86 Nov	100⅝	6.48	6.35	7.48
dm 40	Oslo City	7½	'87 Jun	102½	6.52	5.64	7.38
dm 30	Oslo City	5	'87 Mar	100⅛	6.85	5.97	8.25
dm 30	Oslo City	8¾	'88 Mar	100⅝	8.03		8.47
dm 30	Oslo City	8¾	'88 Jul	101½	6.90	7.81	8.68
dm 100	Oslo City	7¾	'93 Mar	100½	7.67	7.65	7.71
dm 82	Sira-Kvina	8½	'85 Jan	101½	6.89	6.89	8.37
dm 150	Skirali Den Norske	4	'88 Sep	28	6.34	6.19	6.13
dm 150	Skirali Den Norske	6¾	'86 Mar	97⅝	7.06		6.45
dm 25	Trondheim City	8¾	'88 Apr	97½	6.58	6.73	8.48
	PHILIPPINES						
dm 100	Philippines	7¾	'84 Nov	100½	11.16		7.38
dm 100	Philippines	6¾	'85 Apr	97¼	8.68		6.91
	SOUTH AFRICA						
dm 100	South Africa	8½	'85 Nov	101½	7.36	6.25	8.37
dm 100	South Africa	7¾	'86 Nov	99½	7.90	5.80	7.79
dm 100	South Africa	7	'87 Nov	99¼	7.16	7.36	7.08
dm 200	South Africa	8½	'94 Dec	100⅝	8.48		8.48
dm 80	City Of Johannesburg	5	'86 Sep	100⅜	7.62	7.35	7.88
dm 80	City Of Johannesburg	8	'94 Oct	102⅝	7.35		3.46
dm 100	City Of Johannesburg	6¾	'87 Sep	95	8.08	9.43	6.58
dm 100	Dec Posts Telecommunic	4	'88 Oct	100	8.50		8.82
dm 100	Escom	8½	'85 Apr	101	7.21	7.22	8.42
dm 100	Escom	5	'86 Mar	100	8.14	5.64	8.41
dm 100	Escom	5¾	'87 Sep	97¼	7.32	7.88	8.41
dm 100	Escom	7¾	'87 Nov	100⅛	7.32		7.97
dm 100	Escom	7	'88 May	98¾	7.32	7.49	7.12
dm 100	Escom	8½	'88 Apr	101½	8.17		8.39
dm 100	Escom	8¾	'89 Jan	103⅛	8.26		8.90
dm 100	Escom	8	'92 Apr	98¾	8.20		8.14
dm 150	Escom	7¾	'88 Jan	97⅛	8.19		8.29
dm 100	Iscor	7¾	'88 Jan	99¼	7.28	7.93	7.71
dm 100	Iscor	7	'87 Apr	98½	7.38	7.25	7.50
dm 100	Iscor	7¾	'88 Sep	99⅛	7.38	8.25	7.30
dm 100	Iscor	8	'88 Mar	102⅝	8.33		8.75
dm 100	Iscor	8½	'89 Nov	100⅝	8.36	8.34	8.46
dm 100	South Afric Railways	7¾	'88 Jun	99⅝	7.72	7.80	7.38
	SOUTH AMERICA						
dm 100	Argentina	7¾	'88 Oct	98	14.35		7.65
dm 150	Argentina	6¾	'85 Mar	96½	71.68		6.74
dm 150	Argentina	6¾	'88 Nov	88⅛	9.85	12.20	7.37
dm 150	Argentina	7¾	'93 May	89½	10.37	11.81	8.31
dm 200	Brazil	9¾	'93 Feb	97⅞	10.80		6.92
dm 100	Brazil	7	'86 Oct	97	10.36	9.67	6.96
dm 150	Brazil	7¾	'87 Jan	98¾	11.75		8.02
dm 150	Brazil	5	'87 Aug	90	11.08		8.86
dm 100	Brazil	6¾	'87 Oct	98⅝	7.35	7.71	6.97
dm 150	Brazil	6¾	'88 Jan	88	14.15		7.34
dm 15	Venezuela	6	'88 Jan	99⅛	10.37		6.92
dm 150	Venezuela	6½	'90 Nov	81¾	10.80	12.75	8.00
dm 150	Venezuela	7¾	'90 Mar	93⅞	9.20	9.87	8.07
dm 100	Bnd (Brasil)	7¾	'88 Mar	89½	10.54		7.30
dm 100	Bnde (Brazil)	7¾	'88 Mar	97½	13.85		7.54
dm 100	Bnde (Brazil)	6¾	'87 Apr	99½	8.78	8.77	7.54
dm 100	Camp Energ Sao Paulo	7	'87 Nov	92	9.82	11.82	7.61
dm 100	Comp Vale Do Rio Doce	6¾	'88 Dec	77	8.95	7.68	8.87
dm 150	Eletrobras	7	'88 Apr	91	12.43		7.62
dm 100	Eletrobras	7	'87 Feb	86¾	13.86		8.07
dm 150	Eletrobras	7	'87 Sep	30	9.55	12.24	7.41
dm 150	Light-Servicos Brazil	6¾	'86 May	92	11.56		7.33
dm 125	Light-Servicos Brazil	8½	'93 Jan	88⅜	10.27	12.88	9.62
dm 100	Petrobras	7	'88 Oct	90	10.33		7.07
dm 100	Petrobras	7	'88 Oct	30	10.53	13.17	7.95
dm 125	Petrobras	5	'89 Oct	85⅞	11.81	13.0C	9.28
	SPAIN						
dm 200	Spain	6¾	'88 Aug	100	6.74		6.75
dm 200	Spain	4	'88 May	96¼	7.31		6.23
dm 100	Aumar	7¾	'88 Jul	100½			7.21
dm 20	Aumar	5	'88 Aug	100	8.99	8.97	9.00
dm 100	Aumar	7¾	'88 Feb	99⅝	7.57	7.62	7.52
dm 100	Autopistas	7¾	'88 Jul	100¼	3.41	3.61	7.35
dm 100	Autopistas	5	'86 Oct	97⅝	8.22	8.30	8.02
dm 100	Autopistas	6¾	'87 Oct	97¾	7.35	7.80	6.90
dm 100	Enrouiskas	8	'88 Feb	101½	7.85	7.89	8.15
dm 100	Enrouiskas	1.8 V	'87 Jun	100⅝	7.88	7.82	7.88
dm 100	Renfe Red Nacional	8¾	'91 May	100	8.24		8.25
dm 100	Renfe Red Nacional	10	'92 May	101½	8.34		8.33
	SWEDEN						
dm 100	Sweden	5	'87 Feb	100	7.59		8.00
dm 200	Sweden	7¾	'87 Apr	104⅛	8.07		8.22
dm 200	Sweden	9	'87 May	102	8.23		8.82
dm 75	Sweden	7¾	'88 Mar	104⅛	8.43		9.35

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 200	Sweden	7¾	'87 Jul	101	7.58		7.67
dm 200	Sweden	7½	'89 Aug	100⅜	7.83		7.81
dm 300	Sweden	6	'88 Dec	98⅝	6.94	7.49	6.27
dm 150	Sweden	6¾	'86 Dec	102	7.77		8.09
dm 200	Sweden	7¾	'88 Sep	100	7.87		7.88
dm 150	Sweden	9¾	'92 Mar	103⅝	8.27		9.05
dm 125	Sweden	7¾	'94 May	99	8.37		8.08
dm 200	Sweden	8¾	'87 Mar	100	8.26	8.54	8.75
dm 100	Ericsson Tel.	8¾	'87 Mar	100	8.82	7.31	8.46
dm 125	Forsmarks Kraftgr Ab	7¾	'88 Nov	102½	8.82		7.46
dm 125	Forsmarks Kraftgr Ab	5¾	'93 Jan	94⅝	6.65		4.66
dm 80	Kommunlane Institutet	5	'88 Oct	100⅝	8.85	8.57	7.94
dm 100	Post-Och Kreditbanken	7¾	'88 Jun	103	7.24	8.08	6.05
dm 75	Saab-Scania	8¾	'88 Jan	101½	4.12	3.48	8.55
dm 79	Sandvik	7¾	'87 Feb	100	7.20	7.29	7.30
dm 100	Skf Goteborg	7¾	'85 May	97	8.82		7.98
dm 100	Stockholm County Court	6¾	'87 Apr	101⅛	8.84	7.97	8.44
dm 100	Svenska Cellulosa Ab	7¾	'88 Feb	97⅝	7.48	7.48	7.38
dm 80	Sveriges Invest.Bank	6¾	'87 Mar	100	6.74	6.74	6.75
dm 100	Sveriges Invest.Bank	7	'86 Mar	100	6.59	6.59	7.08
dm 100	Swedish Export Credit	8½	'87 Sep	98	8.42		9.22
dm 100	Swedish Export Credit	9½	'87 Dec	101⅝	8.23		9.29
dm 125	Swedish Export Credit	10¾	'91 Nov	103¾	8.80		9.55
dm 100	Swedish State Company	7	'85 Mar	100	6.99	6.99	7.00
	SWITZERLAND						
dm 200	Swiss Bank Corp	7¾	'90 Jul	100	7.32		7.33
	UNITED KINGDOM						
dm 125	Allied Chemical	7½	'84 Feb	99½	7.57		7.54
dm 100	Barclays Overs Inv	6¾	'89 Mar	99⅝	7.38		6.91
dm 100	Barclays Overs Inv	8¾	'84 Jan	101⅛	8.15		8.35
dm 200	Barclays Overs Inv	8¾	'88 Dec	100⅝	8.08		8.38
dm 80	Bass Continental Fin	9¾	'92 Oct	101	7.95	7.94	8.84
dm 125	Beecham	8¾	'92 Oct	100	7.59		8.86
dm 40	Bowater Intl Fin	8½	'89 Mar	97	7.44		8.51
dm 50	Burmah Oil Co.Ltd.	8¾	'85 Nov	101	7.73	7.33	8.42
dm 100	Courtaulds Intl.Fin.	6¾	'87 Jul	99⅝	6.97	6.87	6.32
dm 100	Grand Metrop Finance	7	'84 Aug	100⅝	5.31	5.36	6.96
dm 80	Guest Keen Nettlefold	8¾	'89 Nov	102½	8.08		8.37
dm 100	Ici Intl Fin	7¾	'86 Dec	100½	7.85	6.77	7.42
dm 100	Ici Intl Fin	6¾	'87 May	97½	6.34	6.34	6.75
dm 100	Ici Intl Fin	6¾	'88 Oct	99½	7.83	7.83	7.38
dm 100	Ici Intl.Fin.	6¾	'87 Aug	97	7.83	8.08	6.98
ldm 11	Metroest.Estate 7.250	7	'84 May	99¾	7.29	7.48	7.41
dm 100	Metroest.Estate	8½	'92 Oct	100¾	8.34		8.46
dm 100	Midland Intl Fin	8¾	'88 Oct	100⅝	7.51	7.22	7.86
dm 100	Natl.Westminster Bank	5	'91 Oct	114			7.46
dm 125	Natl Westminster Fin	11	'91 Oct	107½	8.97		9.88
dm 100	Natl Westminster Fin	9¾	'92 Jan	100⅛	8.29		9.88
dm 25	Rank Xerox Finance	7¾	'92 Apr	99¼	7.98		7.85
dm 100	Reed Intl.Ltd.	7¾	'88 Jan	99⅝	7.33	7.38	7.27
dm 100	South Scotland Elec.	7	'88 Feb	99⅝	7.02	7.12	7.02
dm 100	Standard Chartered Bk	6¾	'88 Jan	98⅝	7.32		6.78
dm 100	Trafalgar House Fin.	8½	'93 Oct	99⅝	6.67	6.78	8.33
	UNITED STATES AMERICA						
dm 79	American Express Int	5¾	'87 Jan	96½	6.99		5.79
dm 100	Avon Intl Fin	7¾	'93 Feb	101	7.49		7.46
dm 150	Bank Of America	7¾	'92 Nov	97½	7.88		8.38
dm 120	Beatrice Foods	7¾	'93 Sep	100⅝	7.43		7.89
dm 100	Beneficial Overs Fin	9¾	'88 May	101	8.88		8.63
dm 100	Black & Decker Fin	7¾	'88 Sep	99	8.57		8.77
dm 100	Chrysler Overseas	7	'88 Jul	100⅝	3.16	3.39	6.88
dm 125	Cit-Honeywell Bull	7¾	'85 Jul	105⅝	8.33		9.22
dm 100	Emhart Overseas Cap	8¾	'87 Oct	105⅝	8.38		8.35
dm 100	Gmac Overseas Fin.	8¾	'88 Dec	102	7.57		6.81
dm 75	Gould Intl Finance	7¾	'91 May	98	8.88		7.98
dm 100	Gould Intl Finance	7¾	'88 Dec	99⅝	7.88		7.39
dm 100	Int Standard Elect	7¾	'92 Aug	100⅝	7.63		7.89
dm 100	Int Standard Elect	7¾	'88 May	97½	7.88		7.98
dm 100	Int Standard Elect	7¾	'92 Aug	100⅝	8.43		8.02
dm 100	Itt Antilles	7	'85 Jun	97	7.07		7.22
dm 200	Itt Antilles				7.95		8.11
dm 100	Mcdonalds Finance	8¾	'92 Dec	99⅝	7.32		7.22
dm 100	Mcdonalds Finance	7¾	'92 Dec	99¾	7.38		7.88
dm 200	Pepsico Overs Fin	7¾	'84 Feb	95	7.37		7.33
dm 150	Philip Morris Intl	6¾	'87 Feb	100⅝	7.37		8.38
dm 100	Philip Morris Intl	8¾	'90 May	100⅝	7.16		7.58
dm 100	Philip Morris Intl	7¾	'88 Dec	100	6.91		7.38
dm 125	Reynolds Overs Fin	7¾	'88 Jan	99	7.27		7.36
dm 50	Raytheon Watch Cu/w	7¾	'88 Jul	125			4.48
dm 200	Sterling Drug	7¾	'84 Mar	97	7.49		7.47
dm 100	Sea Intl.Finance Corp	7¾	'92 Jul	100	7.49	7.49	7.50
dm 100	Tenneco Intl	9	'92 Jul	103	6.14		8.57
dm 80	Trw Internatl Fin.	7¾	'84 Oct	100	7.49	7.49	7.88
dm 100	United Technologies	7¾	'88 Dec	100⅝	2.42		7.33
dm 50	Wells Fargo Intl Cu/w	6¾	'88 Nov	107½			5.02

American Exchange Options

For the Week Ending June 8, 1984

Option & price		Calls Jun	Calls Sep	Puts Jun	Puts Sep
Alcan	30	¼	1⅝	1⅛	1½
29	40	r	½	r	r
Amax	25	1-16	13-16	r	2¾
AmBrnd	55	13-16	2½	r	1⅛
55⅛	20	r	9-16	r	r
Asarco	25	r	7 9-16	r	1 5-16
25½	30	r	⅛	4½	r
Beat P	25	r	r	r	⅜
27⅞	30	3-16	15-16	2⅛	2½
27⅞	15	1-16	⅛	7⅛	r
27⅞	40	1-16	1-16	12⅛	r
BwnFer	25	r	4½	r	r
26⅜	20	⅛	1½	1½	2⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

Amt	Security	%	Mat	Mkt. Price	—Conv. Period—		—Conv. Price p/sh—	Curr Yield	Conv. Prm. %
	EUROPE								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	JAPAN								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	MISCELLANEOUS								
$ 40	Bow Valley Inv 31.92	8	'95 Dec	115½	15 Apr 81	maturity	cn$ 23.128 - cn$ 83	18.46	.43
$ 30	Rand Selection 121.58	6½	'94 Mar	215	7 Sep 71	31 Jan 86	rnd 5.825 - $ 9.79	3.07	4.47
	UNITED STATES AMERICA								
$ 15	Addressograph 72.50	6¾	'88 May	87½	1 Dec 88	maturity	$ 18	12.53	2.25
$ 40	Alaska Interstz 42.64	5¾	'92 Dec	84	28 Apr 81	maturity	$ 23 4/9	3.31	6.93
$ 25	American Can 77.89	8¾	'93 Jun	114	1 Mar 81	maturity	$ 25	17.58	4.51
$ 40	American Express 33.33	4¾	'87 May	116	15 May 79	maturity	$ 30	4.33	1.07
$ 25	American Medica 48.26	9¾	'87 May	122	15 May 82	maturity	$ 30 3/4		
$ 25	American Motor 141.79	6	'87 Apr	78	1 Oct 73	maturity	$ 11 1/5	2.79	
$ 25	American Tobacc 55.54	5	'88 Aug	81	15 May 69	maturity	$ 18	2.47	6.17
$ 30	Ami Incoro 19.96	5	'87 Sep	74	1 Jan 79	maturity	$ 32 1-4	15.64	3.31
$ 25	Apexar Intl Fin 43.24	9	'86 Jun	79	15 Jul 81	maturity	$ 23 7/8	43.28	2.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

Amt	Security	%	Mat	Mkt. Price	—Conv. Period—		—Conv. Price p/sh—		Curr Yield	Conv. Prm. %
$ 50	South Coast Ent 32.89	12½	'87 Aug	112½	1 Aug 82	maturity		$ 32.32	1.08	14.21
$ 15	Dynelectron Intl 81.83	9¾	'85 May	97	9 Sep 80	maturity		$ 12 2/9	7.35	2.27
$ 15	Mesoamerical 90.80	5	'94 Jul	86½	30 Sep 81	maturity		$ 11	2.52	10.67
$ 35	Inchcape Ltd 151.23	6¾	'92 Apr	93	15 Oct 77	18 Mar 92	p 365 -	H 472 1/3	7.35	8.38
$ 85	Jaccs Co Ltd	7½	'94 Mar	97	1 Nov 80	21 Mar 95	Y 386.30 -	406 1/3	4.35	7.71
$ 25	Sankyo Electric Co	6¾	'93 Mar	101	1 Apr 80	31 Mar 95	Y 577.50 -	588 4/5	.48	1.79
$ 80	Helmerich Payne 17.92	7¾	'95 Oct	92½	15 Apr 81	maturity		$ 57 3/4	9.83	4.62
$ 80	Tovo Menka Kaisha	7¾	'88 Mar	98	3 Dec 80	21 Mar 96	Y 180 -	288 3/4	1.84	2.57
$ 25	Esselte Ab	7¾	'85 May	100	13 Sep 79	5 May 85	skr 159	skr 291 7/3	.32	2.78
$ 40	Barnett Overs 25.24	7¾	'88 Aug	96	1 Aug 83	maturity		$ 27 5/8	7.96	3.94
$ 80	Asea Ab	9½	'96 Sep	125	2 Jan 82	15 Jun 96	skr 179 -	skr 251 1/9	4.58	1.67
$ 40	Olympus Optical	6¾	'97 Oct	89	7 Dec 83	06 Oct 97	Y 1157.40 -	1018 1/4	4.42	1.41
$ 25	American Medica 48.26	7¾	'97 May	122	15 May 82	maturity		$ 30 3/5	4.72	1.87
$ 30	Lear Petrol Lec 42.86	5	'85 Jun	100½	15 Jun 79	maturity		$ 23 1/3	7.73	.32
$ 35	Babcock Nederland	7	'92 Oct	96	17 Apr 78	15 Sep 92	p 125 -	p 133 2/3	5.98	4.28
$ 30	Sumitomo Metal Ind	7	'85 Sep	97	2 Feb 81	29 Sep 95	Y 175.70 -	186	4.87	2.91
$ 100	Kawasaki Steel Corp	5¾	'88 Mar	88	3 Sep 82	25 Mar 96	Y 227 -	324 3/5	5.69	2.90

Explanation of Symbols

CN$	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NKD	Norwegian Kroner		

Walt Disney Is Likely to Be Split Up If Reliance-Kerkorian Bid Succeeds

By Kathryn Harris

Los Angeles Times Service

BURBANK, California — Saul Steinberg, the New York financier, has enlisted the help of Kirk Kerkorian and other wealthy investors in make a bid for the Walt Disney Productions entertainment empire, which could be valued at as much as $2.75 billion.

If the Steinberg group succeeds, the Disney empire is likely to be split up, with its movie company being sold to Mr. Kerkorian and its valuable California and Florida real estate going to other investors in the group, according to filings with the Securities and Exchange Commission.

Mr. Steinberg, who has been threatening to mount an unfriendly acquisition attempt for two weeks, gave management of Burbank-based Disney the option of trying to defeat a hostile tender offer for 49 percent of the company's stock or accepting a more generous offer for the entire company.

The Steinberg group said it is prepared to begin a tender offer at $67.50 a share for 49 percent of the Disney shares but is willing to pay $72.50 a share for all the stock, which would amount to $2.75 billion, if Disney's directors accept the offer and drop a plan announced earlier this week to merge with a greeting card company. To proceed with the plan, the Steinberg group has formed a new company called MM Acquisition Corp., borrowing the initials of Mickey Mouse, Disney's best-known cartoon character.

Mr. Kerkorian, the 67-year-old financier who owns slightly more than half of Culver City-based MGM/UA Entertainment Co., has agreed to invest $75 million for a 20-percent stake in MM Acquisition and in return has obtained a 60-day option to buy the Disney studio and film library for $447.5 million if the takeover is successful. Mr. Kerkorian has made the agreement through Tracinda Corp., his private Los Angeles-based investment firm, not through MGM.

Fisher Financial & Development Co., a major development firm in New York, has also agreed to invest $75 million for a 20-percent stake in exchange for exclusive rights to acquire the undeveloped real estate at Walt Disney World in Florida and Disneyland in Anaheim, California. No price has been negotiated, according to one source familiar with the agreement. Ownership of the two amusement parks would be retained by MM Acquisition, however.

A Disney official said late Friday that the company would have no comment until the offer had been reviewed.

So far, Reliance has spent $265.6 million to acquire 4.2 million shares, or 12.2 percent of the company's stock. The stake has been diluted to 11.1 percent, however, by Disney's issuance of 3.3 million new shares this week to acquire Arvida Corp., a Florida land development company.

In a few more weeks, the Reliance stake could be further diluted to between 9.5 percent and 9.9 percent if Disney completes its planned acquisition of Cincinnati-based Gibson Greetings Inc., the third-largest producer of greeting cards and gift wrap in the United States.

French Group Creates Self-Elevating Oil Rig

New York Times Service

DUNKERQUE, France — A state-owned maritime engineering company based in this northern French port has developed the first self-elevating offshore oil platforms able to work all year in stormy waters.

The new platforms, the product of Cie. Française des Entreprises Métalliques, represent a technological breakthrough of some magnitude, according to experts in offshore oil exploration.

So far, the company has built two of the new platforms, the Glomar Labrador I and the Glomar Moray Firth.

The Glomar Labrador I, launched from here last October, completed its first winter working for Home Oil Co. in the North Atlantic, 300 miles (480 kilometers) east of Halifax, Nova Scotia. Drilling was conducted from the platform all winter, despite 100-mile-an-hour winds and waves more than 50 feet (15 meters) high.

That performance, analysts say, was a first for the self-elevating, or "jack-up," platforms, as they are called. The jack-ups differ from the larger, fixed-location platforms in that they can be towed from site to site as oil fields become depleted.

They are also far less expensive than the fixed rigs. For construction, installation and maintenance for one year, the Glomar Labrador I cost about $75 million. A fixed rig, experts say, could cost at least $100 million.

But until the construction of the Glomar Labrador I, the jack-ups had to be towed back to port from November through April, when winter storms could wreck the rigs.

The French company hopes to capture a sizable portion of the market for oil exploration needs in the North Sea area.

But worldwide demand for both self-elevating and fixed platforms has declined sharply in recent years, partly because of a construction boom in the early 1980s that saturated the market. Also, because of the current oversupply of oil, crude prices have fallen and fewer new wells are being drilled.

The Glomar Labrador I was purchased by Global Marine Inc. of Houston, then leased to Home Oil, which is based in Calgary, Alberta. The second self-elevating platform, the Glomar Moray Firth, has also been bought by Global Marine and will begin drilling for Gulf Corp. off the Norwegian coast early in June.

This new generation of platforms is intended for use in small oil and natural gas fields that may be exhausted after a few years, or even a few months, of drilling.

As the larger oil and gas deposits around the world are depleted, oil companies are showing a greater interest in exploiting the marginal fields.

Braniff Posts $30.6-Million Quarterly Loss

The Associated Press

DALLAS — Braniff Inc., the successor to the failed Braniff International, has reported a loss of $30.6 million in the first quarter.

An industry analyst said the loss was "not unexpected," and Braniff's vice chairman, Patrick Foley, said the carrier's performance would improve this summer.

Braniff International, which had a $1-billion debt, suspended operations in May 1982. It reorganized and resumed service on March 1 as a scaled-down airline with 30 planes and an $80-million infusion from Hyatt Corp.

The new Braniff posted revenues during the period of Feb. 1 to April 30 of $29.8 million, a spokesman said Friday. During Braniff's first two months of operation, beginning at the end of February, it had a load factor of 24.1 percent. Load factor is the percentage of seats filled by paying customers.

Braniff said its operating costs for the period, 6.27 cents per available seat-mile, meant that 51.8 percent of its seats would have to be filled for the airline to break even.

The airline flew 231.1 million revenue passenger miles. That figure is the number of miles flown by the total of paying passengers.

Mr. Foley said that May and June figures would be better.

"The May load factor will show approximately a 50-percent increase over March and April and advance bookings for June indicate another 50-percent increase in load factor," said Mr. Foley.

Dan Wewer, who follows the industry for the Dallas investment firm of Rauscher Pierce Refsnes, said analysts had expected significant losses in Braniff's first quarter.

He said the costs-per-mile figure indicated that Braniff, which negotiated wage concessions from the 2,000 employees who returned to the resurrected airline, "is indeed a low-cost carrier."

He also said that experts are watching Braniff's marketing ability this summer. The summer season is a traditionally busy travel period, and this summer could be decisive in Braniff's comeback.

"If they don't get around 40 percent load factors this summer, then we worry about them," he said.

Denmark's Credit: Will It Be Seen as a Success?

By Carl Gewirtz

International Herald Tribune

PARIS — Denmark's controversial $1-billion credit, intended to be an undrawn standby for use only in an emergency, will no doubt be completed despite the refusal of most major international banks to participate in it. What is less clear is whether the operation will ever be considered a success.

From the point of view of the borrower and the lead manager, Manufacturers Hanover Trust, completion of the arrangement will be its own success.

But the view in the marketplace is that the record-low annual commitment fee of 0.005 percent offered by Denmark has been shown to be an unworkable price.

Most of Denmark's traditional major lenders have refused to participate, and these bankers question whether the savings from such a low rate are worth the fraying of relationships built over long years between borrower and lender.

There is no way to determine how much of this attitude is real and how much is because a competitor has made an arrangement for Denmark that everyone else said could not be done.

A more neutral measure of whether the cost savings are worth the hostility they arouse will come this week, when state-owned Electricité de France is expected to announce its plan for a standby credit of up to $600 million.

The latest word is that EDF, which is as hard-nosed as any borrower in negotiating the lowest possible cost, will not attempt to match Denmark's terms.

Feeding the reluctance of banks to participate in the Danish credit were rumors in the London market that the Bank of England will be taking a closer look at the contingent liabilities of banks in respect to their capital adequacy.

A standby credit is a contingent liability, committing the bank to put up money when and if called upon.

The Bank of England's view, commercial bankers say, is that it assumes that half of the contingent liability is actually drawn and therefore banks need to show the extra liquidity to cover that.

In addition, the central bank is making clear its view that the pricing mechanism of interbank operations needs to adequately reflect the country risk inherent in such arrangements.

The message, one of the bankers said, is that the Bank of England expects management to be able to show supervisors that internally generated profits are adequate to build up the bank's capital base — and that would be hard to prove in the Danish transaction.

While Manufacturers Hanover admits that completing the Danish credit is taking longer than planned, spokesmen insist that it will be done. At last word, it is still $140 million short of its goal to have underwriting commitments for $1 billion.

Also meeting resistance is the Merrill Lynch revolving underwriting facility for Spain. Merrill Lynch aims to sell $500 million in three- or six-month Spanish notes to its clients, and if it cannot, is seeking to organize a syndicate of banks that will serve as a taker of last resort.

SYNDICATED LOANS

The problem with this approach is that the commercial banks do not participate in the sale of the notes or the profits earned. Many therefore object to supporting an operation in which the risk-reward relations are so unbalanced.

A Merrill Lynch spokesman insists that its policy of being the sole placer of notes is not based on greed for profits but rather to control the placement to assure that a uniform price is offered in the market.

Elsewhere, the long-awaited $420-million project loan for Péchiney's aluminum smelter in Quebec is finally being syndicated. Péchiney owns 50 percent of the project and the remainder is divided equally between the province of Quebec and Alumax.

The operation is in two parts. The project owners are guaranteeing a loan of $120 million, which will run for 12 years. Interest on this portion will be set at ½ point over the London interbank offered rate for the first three years, ⅝ point over Libor for the next three years and ¾ point over Libor thereafter.

The second portion is a so-called limited-recourse loan, in which lenders bear the risk. Interest on this 14-year, $300-million loan will start at 1⅛ points over Libor and continue until the project is completed, which is expected to be in September 1987.

Thereafter, interest will be set at 1 point over Libor through May 1996 and 1¼ points over Libor from then until November 1998.

In fact, the project is expected to generate sufficient funds so that the entire loan will be repaid in 1996, before the uptick in the margin. Participation fees range from ¼ percent for managers underwriting $25 million to 0.20 percent for co-managers underwriting $15 million and 0.15 percent for participants taking $10 million.

In Spain, Catalonian Railways is seeking a loan of 30 million European currency units ($249 million).

Interest on the 10-year loan will be set at ½ point over Libor and a commitment fee of ⅛ percent will be paid on any undrawn portion. Front-end fees range from 0.15 to 0.35 percent.

In Asia, Thailand has officially asked banks for terms on a $200-million loan for the Electricity Generating Authority of Thailand. The proceeds are mostly expected to be used to prepay more expensive outstanding loans. The Thais are hoping for a 10-year arrangement on which interest is set at ⅜ point over Libor, but European bankers say a split ⅜-½ margin is more realistic.

South Korea's Daewoo is arranging a revolving credit of $30 million to finance one- to six-month letters of credit. Interest will be set at ¾ point over Libor and the facility will run for a maximum of 30 months. Banks will earn a commitment fee of ½ percent on any unused amount and a drawing fee of ⅛ percent on the first 25 percent and 1/16 percent per month for each extension.

In addition, Daewoo is seeking $45 million for two and a half years as an addition to its working capital. Interest will be set at ⅞ point over Libor and front-end fees range from ⅜ to ⅝ percent, depending on the size of the commitment.

Liberia Squeezed by Economic Woes

(Continued from Page 13)

per-capita gross national product, over $500 when Mr. Doe took over, stands at only about $400 today. GNP is a nation's total output of goods and services.

As a result, budget deficits have been running around $100 million a year while export earnings, which peaked in 1981 at $600 million, are down to $475 million. Total foreign debt remains at $800 million with debt servicing consuming about $80 million a year.

"Between repaying its debt, trying to pay salaries and importing oil and machinery, this government is terribly squeezed," said an economist here.

Many of the problems were inherited by Mr. Doe when he took power. The country has little in the way of infrastructure, with a ratio of roads to territory that is among the lowest in Africa. Liberia's literacy rate is under 15 percent. And, according to both Western and Liberian business executives, government corruption remains pervasive.

For all that, Liberia's economic health is not as critical as many of its neighbors. It has, at least, been spared the drought that has afflicted so much of Africa. Nearly three-fourths of the population work the land and, though poverty is widespread, no one appears to be starving. But no one seems to be prospering, either.

The coup and the sense of political instability that followed has also chilled investor confidence. U.S. private investment in Liberia is estimated at a relatively high $425 million, but the figure is falling.

"After Doe took over there were a lot of investors suddenly asking 'how much money do we have in there anyhow?'" said one Western banker. He added, "The next thing they said was, 'you're kidding. Well, start getting it out.'"

Businessmen complain, too, that Mr. Doe's government is unpredictable in both its policies and the enforcement of laws.

Mr. Doe has promised to restore civilian rule by the fifth anniversary of his coup, in April 1985. He said he intends to lift a ban on political activity next month and hold elections next year.

Since World War II, Liberia has used the American dollar as its currency. That has caused problems — with the dollar high Liberia's exports tend to be uncompetitive in foreign markets — but it also means, as a Finance Ministry official put it, that "you can't just print more and more money and use inflation to keep the wheels greased the way so many African countries have done."

A Western adviser to the government adds that the Doe administration has been moving "slow and by fits and starts" toward a fiscal policy more in accord with the country's resources. "Combine that with continued recovery in the West leading to a pickup in exports and the next 12 months may be better than the last 12 months," he said.

Finally, of course, there is the significant factor of United States aid, described by one diplomat as "energy to push Liberia through the transition" to constitutional, civilian rule and begin a process of development.

"The situation should improve," said one economist. "But as for making Liberia into a showcase, a sort of African Singapore or Taiwan, that would be raising hopes too high. A modest success is what this country should be looking for at this stage of the game."

BICC to Sell Stake to Sapura

Reuters

LONDON — BICC PLC said Friday that it has agreed to sell its holding of 8.1 million shares in Malayan Cables BHD for 22.3 million Malaysian dollars ($1.09 million) to Sapura Holdings SDN, a Malaysian maker of telephone equipment.

Mutual Funds

Closing Prices June 8, 1984

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

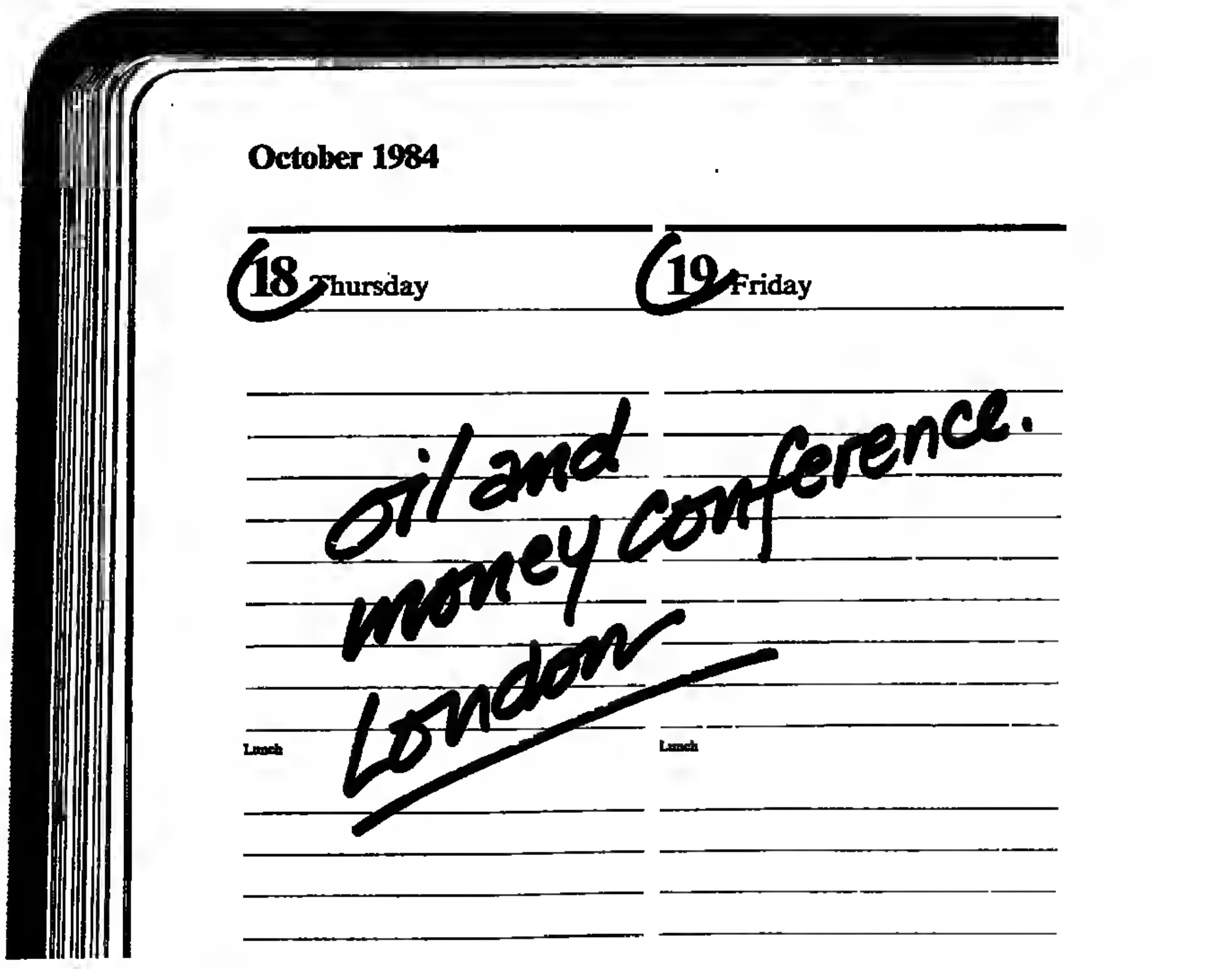
	Bid	Ask
ABT Family:		
ABirth	11.47	12.54
Emrg	10.14	11.08
SecInc	10.42	11.61
TxMg	12.90	14.10
Acorn F	27.77	NL
ADV	17.92	NL
Afuture	11.94	NL
AIM Funds:		
CvYld	11.69	12.58
Grnwy	7.94	8.49
HiYld	9.59	10.26
Summit	4.80	
AllMtg	8.91	9.46
AllenTc	16.18	17.68
Alpha F	19.25	21.04
Amer Capital:		
CorpBd	6.24	6.82
Cmstk	12.57	13.74
Entrp	10.64	11.63
Exch	40.72	NL
Fd Am	11.08	12.11
Grow	22.45	NL
Harbr	12.09	13.21
Hi Yld	9.13	9.79
Mun B	16.48	17.51
OTC	9.08	9.92
Pace	19.06	20.85
Provid	4.55	4.91
Ventr	13.54	14.80
AExGth	12.97	NL
American Funds:		
A Bal	9.18	10.03
Amcp	7.60	8.31
A Mutl	13.58	14.84
Bond	11.52	12.59
Fd Inv	10.54	11.52
Grwth	12.16	13.29
Incom	9.89	10.81
ICA	9.98	10.91
NEco	12.83	14.02
N Pers	7.97	8.71
TaxE	9.04	9.49
Wsh Mt	8.43	9.21
A GthFd	8.63	9.43
A Herttg	3.11	NL
A Invest	7.47	NL
A Inv In	9.32	NL
AmMed	27.44	NL
A NtGth unavail		
A NtInc unavail		
Amway	5.42	5.80
Analyt	135.84	NL
Amsing	7.32	NL
Axe Houghton:		
Fnd B	8.72	9.48
Incom	4.01	4.36
Stock	6.58	7.19
Babson Group:		
Bond	1.40	NL
Gwth	12.72	NL
UMB St	10.93	NL
UMB B	9.56	NL
BLC Gt	15.93	17.41
BLC Inc	14.86	16.25
Beac Gth	13.32	NL
Beac Hill	15.64	NL
Benham Capital:		
CalTFL	9.22	NL
CapNT	9.97	NL
Berger Group:		
100 Fd	14.78	NL
101 Fd	12.97	NL
Boston Co:		
CapAp	23.84	NL
GvtInc	10.10	NL
SpGth	15.46	NL
BostFFd	12.22	13.36
Bowser	2.90	NL
Bruce	181.26	NL
Bull & Bear Gp:		
CapitG	12.14	NL
Equity	18.37	NL
Golcn	12.78	NL
HiYld	13.42	NL
Calvert Group:		
Equity	15.82	NL
Inco	13.49	NL
Social	14.80	NL
TxFL	10.28	NL
TxFL	13.89	NL
Calvin Bullock:		
AeroGI	8.10	8.85
Bullck	15.93	17.41
Candn	7.83	8.55
Divid	3.02	3.30
HiInc	10.49	11.31
Month	9.83	10.74
NY Ven	[illegible]	[illegible]
TxFre	8.97	9.42
Cardnl	11.07	12.18
Corneo	10.14	10.79
CentlGr	8.97	9.80
Cnl Shs	11.86	NL
Chart Fd	5.82	NL
Chp Dir	9.44	NL
Chestnut	44.53	NL
CIGNA Funds:		
Grwth	12.16	13.15
HiYld	9.04	9.77
Incom	6.42	6.94
MuniB	6.62	7.16
Colonial Funds:		
CpCsh	45.45	46.62
Fund	13.08	14.30
GvtSec	11.12	11.92
Grwth	9.13	9.98
Hi Yld	6.79	7.28
Incom	6.35	6.81
OptGr	12.42	13.57
OptInc	8.04	8.79
Tax Mg	12.27	13.41
ColuFix	11.42	NL
Colu Gth	19.48	NL
Cwlth AB	1.30	1.41
Cwlth CD	1.79	1.94
Composite Group:		
Bond	9.05	NL
Fund	9.84	NL
Tax	6.00	NL
Concord	25.93	NL
Constel G	15.98	NL
Cont Mut	5.92	NL
Copley	6.14	NL
CpCash	47.58	NL
Ctry Cap unavail		
Criterion Funds:		
Cmrce	8.58	9.38
InvQl	8.78	9.19
Pilot	7.58	8.28
QualTx	8.87	9.29
Sunblt	13.23	14.46
DFA Sm	153.52	NL
DFA Int	99.73	NL
Dean Witter:		
DvGt r	7.06	NL
DivGt	11.89	12.58
NtYld	12.48	13.42
IndVt r	9.40	NL
NtRsc	7.21	7.69
SearTE	9.69	NL
TaxEx	9.39	9.78
WrldW	9.79	NL
Delaware Group:		
Decat	14.64	16.00
Delaw	17.17	18.77
Delch	6.97	7.62
Tx Fre	6.50	6.81
Delta	11.11	12.14
DIT CG	9.72	NL
DIT AG	15.00	NL
DIT Cl	9.07	NL
Dir Cap	.85	NL
DG Div	21.42	NL
DodCx Bl	24.38	NL
DodCx St	22.88	NL
Drex Bur	16.35	16.94
Dreyfus Grp:		
A Bnd	11.97	NL
CalTx	12.72	NL
Dreyf	11.55	12.62
Interm	11.95	NL
Levge	15.67	17.13
GthOp	9.89	NL
NY Tx	12.59	NL
Spl Inc	7.15	NL
Tax Ex	10.50	NL
Thrd C	6.64	NL
East Gth	6.62	7.23
Eaton Vance:		
EHBal	7.11	7.67
EHStk	10.71	11.55
Grwth	6.18	6.74
NtYld	4.37	4.78
IncBos	8.14	8.90
Invest	7.19	7.86
SplEqt	17.50	18.87
TaxM	12.79	13.98
VS Spl	12.84	14.03
Eberstadt Group:		
Chem	9.11	9.96
EngRs	12.31	13.45
Survey	12.62	13.79
EngUtil	19.02	NL
Evrgrn r	36.56	NL
EvrgrTR	13.72	NL
FPA Par	12.90	14.18
FPA Per	14.07	15.38
Frm BG unavail		
Federated Funds:		
Am Ldr	11.02	11.79
Exch	31.96	NL
FdlIntr	9.13	NL
GNMA	9.71	NL
Hi Icm	10.92	11.46
Inco	9.57	NL
Short	10.05	NL
Stock	14.28	NL
Tx Fre	8.35	8.74
US Gvt	7.85	8.22
Fidelity Invest:		
Bond	4.11	NL
Congrs	49.42	NL
Contfd	9.39	NL
Dstrv	12.13	
Discv	17.10	NL
Eq Inc	21.57	22.01
Exch	41.22	NL
Fredm	11.11	NL
Magel	29.91	30.84
Mun Bd	6.29	NL
Fidel	13.78	NL
Gvt Sec	8.70	NL
HiInco	8.16	NL
Hi Yld	10.45	NL
Lt Mon	7.71	NL
MassTx	9.12	9.21
Merc	11.20	11.55
Puritn	11.30	NL
SelEn	10.24	10.45
SelFin	14.08	14.33
SelHlt	16.06	16.39
SelMtl	14.46	14.76
SelTch	20.45	20.87
SelUtil	14.24	14.43
SpecSit	10.01	10.32
Thrift	9.07	NL
Trend	34.50	NL
FiduCap	16.13	NL
Financial Prog:		
Bond	6.07	NL
Dyna	6.73	NL
FnclTx	13.16	NL
Indust	3.85	NL
Incom	8.53	NL
WrldT	7.30	7.48
Fst Investors:		
Bnd Ap	12.00	12.94
Disco	12.97	14.17
Grwth	7.58	8.28
Incom	5.79	6.33
IntlSec	14.69	16.05
NatRes	6.59	7.20
90-10	13.29	14.52
Optn	5.44	5.87
Tax Ex	8.26	8.91
FlexFd	10.45	NL
44 WlEq	5.06	5.53
44 Wall	7.54	NL
Fnd Gth	4.50	4.92
Founders Group:		
Grwth	6.30	NL
Incom	13.86	NL
Mutal	9.64	NL
Specl	22.10	NL
Franklin Group:		
AGE	3.40	3.54
DNTC	9.63	10.38
Gold	12.23	13.19
Grwth	10.65	11.48
NY Tax	9.40	9.79
Option	6.07	6.54
Utils	5.23	5.64
Incom	1.81	1.95
US Gov	6.52	6.79
Equit	5.81	6.26
CalTx	6.07	6.32
Fd of SW	10.67	11.54
GIT HY	9.46	NL
GT Pac	16.65	NL
Gate Op	13.71	NL
Gen Elec Inv:		
ElfnInc	9.69	NL
ElfnTr	28.67	
ElfnTx	9.99	
S&S	30.44	NL
S&S Lo	9.78	NL
Gen Sec	10.61	NL
GintelEr	33.99	NL
Gintel	84.28	NL
GatsEmt	2.90	NL
GrdsnEt	9.93	NL
Grth Ind	10.10	NL
GrdPkA	16.06	17.55
Ham HDA	5.18	5.66
Hart Gth	10.37	NL
Hart Lev	11.46	NL
HomeInv	9.28	NL
Hor Man	21.29	NL
Hutton Group:		
Bond r	9.46	NL
Calif	9.07	9.45
Emrg r	9.28	NL
Gwth r	12.11	NL
OptInc	9.45	NL
GovSec	9.43	NL
Natl	9.30	9.69
NY Mun	9.31	9.70
IRI Stck	13.02	13.63
IDS Mutual:		
IDS Bd	4.29	4.55
IDS Dis	6.62	6.97
IDS Ex	4.64	4.89
IDS Grt	14.71	15.48
IDS HiY	3.73	3.93
IDS NO	8.18	8.52
IDS Prog	6.45	6.78
Inv Mtl	10.34	10.88
IDS Tx	3.24	3.41
Inv Stk	14.93	15.72
Inv Sel	7.28	7.64
Inv Var	7.28	7.66
ISI Group:		
Grwth	6.21	6.79
Incom	3.52	3.85
Trst Sh	10.21	11.16
Industry	6.93	NL
Int Invst	14.76	14.13
InvP Eqty	8.43	NL
InvP HiY	8.31	NL
InvBos	8.86	9.55
HiInco	13.12	14.15
MasTF	13.71	14.39
Inv Resh	4.84	5.29
Istel	14.13	NL
IvyGth	12.27	NL
IvyInst	96.22	NL
JP Grth	12.69	13.79
JP Inco	7.18	7.80
Janus	11.39	NL
John Hancock:		
Bond	12.92	14.04
Grwth	11.40	12.39
US Gvt	7.96	8.63
Tax Ex	8.70	9.46
Kaufmn	.10	NL
Kemper Funds:		
CalTx	11.55	12.09
Incom	7.83	8.33
Grow	12.47	13.63
Hi Yld	9.67	10.37
IntlFd	14.42	15.76
Mun B	7.55	7.93
Optn	11.36	12.42
Summ	22.13	24.19
Tech	11.36	12.42
Tot Rt	12.31	13.45
US Gvt	8.41	8.76
Keystone Mass:		
Cus B1r	14.02	NL
Cus B2r	16.85	NL
Cus B4r	7.45	NL
Cus K1r	8.23	NL
Cus K2r	6.04	NL
Cus S1r	18.48	NL
Cus S3r	8.38	NL
Cus S4r	5.70	NL
Intl r	4.79	NL
TxFr r	7.30	NL
Mass	11.48	
LeggMas	18.52	NL
LehCap	19.28	NL
LehInvst	16.73	NL
Levrge	6.53	NL
Lexington Grp:		
Cp Ldr	10.56	11.47
Goldfd	4.36	NL
GNMA	7.06	NL
Grow	7.40	NL
Resh	14.42	NL
Lindnr	18.34	NL
Loomis Sayles:		
Capit	15.39	NL
Mut	15.04	NL
Lord Abbett:		
Affiltd	8.48	9.14
Bnd db	9.67	10.57
Dev Gt	7.36	8.04
Incom	2.86	3.08
ValAp	7.80	8.52
Lowry	8.84	9.64
Lutheran Bro:		
Fund	13.25	13.95
Incom	7.92	8.34
Muni	6.49	6.83
Mass Financl:		
InTrB	9.85	10.42
MIT	10.63	11.46
MIG	10.70	11.54
MID	8.17	8.81
MCD	10.01	10.79
MEG	12.47	13.44
MFD	10.60	11.43
MFB	11.79	12.71
MMB	8.74	9.18
MFH	6.57	7.08
MgdHi	9.27	9.73
Spcl	6.71	7.23
Mathers	18.35	NL
Meschrt	21.12	NL
Merrill Lynch:		
Basic	13.43	14.36
Capit	17.08	18.27
Equ Bd	10.09	10.57
FdTom	10.20	NL
HiInc	7.48	7.79
Hi Qlt	9.39	9.78
InTrm	9.47	9.87
LtMat	9.71	9.81
MunHi	8.63	8.99
MunIn	6.61	6.89
PacFd	14.35	15.35
Phnix	11.46	12.26
SciTch	9.14	9.99
Spl Val	11.07	11.84
Mid AM unavail		
MidAHi unavail		
MdwBAV	10.10	NL
MSB Fd	18.98	NL
MdlGvt	9.66	NL
Mut Ben	10.41	11.38
Mutual of Omaha:		
Amer	9.31	NL
Grwth	5.19	5.64
Incom	7.54	8.52
Tx Fre	9.16	9.96
MtlQual	16.72	NL
Mut Shr	57.92	NL
Nat Avia	8.45	9.23
NatInd	11.27	NL
Nat Securities:		
Balan	12.74	13.74
Bond	3.08	3.32
CaTxE	10.46	11.25
Grwth	7.95	8.57
Prefd	6.78	7.31
Incom	6.30	6.79
Stock	7.98	8.60
Tax Ex	7.80	8.23
TotRe	5.50	5.93
Fairfd	7.66	8.37
NatTele	11.86	12.96
Nationwide Fds:		
NatFd	9.39	10.15
NatGth	7.61	8.23
NatBd	8.46	9.15
NELife Fund:		
Equit	16.79	18.25
Grwth	18.14	19.72
Incom	9.28	10.63
Ret Eq	16.66	18.11
TaxEx	6.26	6.90
Neuberger Berm:		
Enrgy	18.08	NL
Guard	35.37	NL
Libty	3.74	NL
Manht	5.93	NL
Partn	14.25	NL
NY Mon	1.04	NL
NY Vent	7.26	7.93
Newt Gt	24.45	NL
Newt Inc	7.90	NL
Nichols	22.31	NL
NichInc	3.42	NL
NE InTr	10.37	NL
NE InGt	10.01	NL
NovaFd	11.81	NL
Nuveen	6.95	NL
Omega	9.53	NL
Oppenheimer Fd:		
AIM	17.45	19.07
Direct	17.74	19.39
EqInc	6.96	7.61
Oppen	7.85	8.58
Gold	8.98	9.81
Hi Yld	16.85	18.07
Prem	22.30	24.37
Rscy	12.90	14.10
Specl	19.74	21.60
Target	15.43	16.41
Tx Fre	7.47	7.82
Time	11.97	13.08
OTC Sec	14.27	15.51
PWbAtl	8.59	9.39
PWbAm	12.35	13.50
PaxWld	10.48	NL
Penn Sq	8.29	NL
Penn Mu	5.58	NL
PermPrt	11.37	NL
Phila	8.41	9.19
Phoenix Series:		
Balan	9.78	10.69
CvFd	15.48	16.92
Grwth	12.05	13.17
HiYld	8.58	9.23
Stock	10.11	11.85
PC Cp	11.54	
Pilgrim Grp:		
Mag C	6.15	6.62
Mag In	7.33	7.90
PAR	22.51	22.85
Plig Fd	12.14	13.09
Pioneer Fund:		
Bond	8.35	9.13
Fund	19.85	20.82
II Inc	14.42	15.76
III Inc	12.39	13.54
Plitrnd	11.58	NL
PrecMtl	19.21	NL
Price Funds:		
Grwth	12.69	NL
GthInc	11.85	NL
Incom	8.07	NL
Intl	13.54	NL
N Era	14.17	NL
N Horiz	12.43	NL
ShTrBd	4.90	NL
TxFrI	8.23	NL
TxFrSI	4.91	NL
Pro Services:		
MedT	8.50	NL
Fund	8.91	NL
Incom	7.99	NL
Prudential Bache:		
AdjPfd	24.30	NL
Equity	13.08	14.03
GvtSc	9.38	9.47
NtYld	9.32	9.99
NYMu	13.12	13.74
NDec	11.41	12.24
Option	13.56	14.54
Quatly	13.93	14.94
Rsch r	8.25	NL
TxMng	20.28	21.78
Putnam Funds:		
Conv	12.12	13.25
CalTx	12.89	13.53
Capit	6.40	
CCsArp	47.28	48.49
CCsDep unavail		
InfoSc	10.93	11.95
Int Eq	15.17	16.58
Georg	10.20	11.15
Grwth	10.12	11.06
Health	14.48	15.83
Hi Yld	14.67	15.73
Incom	6.28	6.65
Invest	8.99	9.82
NYTx	13.78	14.47
Optn	10.85	11.06
Tax Ex	20.52	21.54
US Gld unavail		
Vista	13.42	14.67
Voyag	14.51	15.86
Quasar	40.77	NL
Rainbw	3.78	NL
ReaGr	11.47	12.54
RochTx unavail		
Royce	6.51	NL
SFT Eqt	9.12	9.91
Select Secur:		
Equit	9.38	NL
Grwth	16.45	NL
Inco	11.80	NL
Munic	10.70	NL
StPaul Invest:		
Capit	9.17	9.76
Grwth	10.42	11.09
Inco	9.01	9.59
Specl	15.25	NL
Scudder Funds:		
CalTx	8.95	NL
Com Stk	11.10	NL
Devel	55.02	NL
CapGr	12.91	NL
Incom	10.67	NL
Intl Fd	21.72	NL
MMB	7.14	NL
Security Funds:		
Action	6.81	
Bond	7.30	7.66
Equty	6.12	6.69
Invest	8.73	9.54
Ultra	7.18	7.85
Selected Funds:		
Am Shs	9.49	NL
Spl Shs	16.82	NL
Seligman Group:		
CapFd	9.40	10.27
CmStk	10.89	11.74
Comun	7.14	7.80
Growth	5.44	5.87
Inco	10.69	11.53
Sentinel Group:		
Balan	8.66	9.46
Bond	5.87	6.35
Com S	16.19	17.69
Grwth	11.88	12.98
Sequoia	34.75	NL
Sentry	9.29	10.10
Shearson Funds:		
ATIGI	62.34	NL
AgrGr	9.82	10.34
Appre	16.27	17.31
FdVal	6.05	6.37
NtYld	17.27	18.18
MMun	12.52	13.18
NYMun	13.24	13.94
Sherm D	6.86	NL
Sirra Gt	10.98	NL
Sigma Funds:		
Capit	11.66	12.74
Inco	6.90	7.54
Invest	7.01	7.66
Sect n	6.47	7.07
Trust	10.13	11.07
Vent	8.65	9.45
SB Eqty	12.78	NL
SB I&Gr	8.20	8.70
SoGen In	13.29	14.02
SwtInc	4.30	NL
Sover In	17.54	18.46
State Bond Grp:		
Com St	4.74	5.18
Divers	5.71	6.24
Progrs	7.59	8.30
StFrm Gt	9.04	NL
StFrm Bl	12.28	NL
StStreet Inv:		
Exch	76.11	NL
Grwth r	49.13	NL
Invst	65.98	66.35
Steadman Funds:		
Am Ind	3.12	NL
Assoc	.66	NL
Invest	1.60	NL
Ocean	6.26	NL
Stein Roe Fds:		
Bond	7.82	NL
Cap Op	19.93	NL
Discv	7.46	NL
Specl	13.33	NL
Stock	13.42	NL
TaxEx	7.37	NL
TotRet	19.74	NL
Univ	15.04	NL
StratCap	7.01	7.66
StratInv	10.03	10.96
Strat Gth	16.23	NL
StrongIn	16.36	NL
StrneT	15.01	NL
Tel IncSh	12.17	
Templeton Group:		
Fron	10.73	11.73
Global I	31.63	
Glob II	9.43	10.31
Grwth	8.88	9.28
World	11.75	12.84
Thomson McKinnon:		
Gwth	10.17	NL
Inco	9.39	NL
Oppr	10.19	NL
Trns Cap	8.70	9.46
TrnsNew	7.54	NL
Tudr Fd	16.50	NL
20th Century:		
Gift r	3.90	3.91
Grwth	11.67	NL
Select	20.82	NL
Ultra r	6.36	6.39
USGv	93.56	NL
Vista r	4.22	4.24
USAA Group:		
Grwth	12.16	NL
Inco	10.21	NL
Sbll	13.92	NL
TxEH	11.05	NL
TxEll	10.66	NL
TxESh	10.16	NL
Unified Mgmt:		
Acum	7.86	NL
Gwth	15.24	NL
Inco	11.30	NL
Mutl	11.61	NL
United Funds:		
Accm	6.92	7.56
Bond	4.98	5.44
IntGth	6.06	6.62
Con Inc	12.91	14.11
NI Inc	12.18	13.31
Incom	11.81	12.91
Munl	5.94	6.19
NwCcpt	4.83	5.28
Retire	5.55	6.07
ScEng	9.18	10.08
Vang	5.20	5.68
Utd Services:		
GldShr	8.53	NL
GBT	11.83	NL
Growth	7.45	NL
Prspct	.84	NL
ValFrg	10.21	NL
Value Line Fd:		
Bond	10.75	NL
Fund	10.44	NL
Incom	5.68	NL
Lev Gt	15.32	NL
Spl Sit	13.11	NL
Vance Exchange:		
CapE f	56.05	
DBst f	36.08	
Dver f	60.82	
ExFd f	94.36	
ExBs f	77.47	
FidE f	49.14	
ScFid f	55.94	
Vanguard Group:		
Explr	30.97	NL
Ivest	15.52	NL
Mors	30.75	NL
NaesT	30.86	NL
QDiv I	14.53	NL
QDiv II	6.72	NL
QDvIII	23.44	NL
TCBnd	23.21	NL
TC Int	26.12	NL
TCUSA	32.54	NL
GNMA	8.45	NL
NtYBd	7.98	NL
IGBnd	7.13	NL
ShrtTr	9.57	NL
Ind Tr	18.76	NL
MuNY	8.51	NL
MuInt	10.08	NL
MuLg	8.71	NL
MuSht	15.07	NL
Wellsl	12.21	NL
Wellin	11.71	NL
Wndsr	11.45	NL
Venturln	10.19	11.14
WallSt G	7.59	8.03
Wein Eq	12.40	NL
Walgrd	10.11	11.05
Wood Struthers:		
deVeg	35.25	NL
Neuw	15.09	NL
Pine	12.66	NL
YesFd	7.06	8.27

NL—No load (sales charge). f—Previous day's quote. r-Redemption charge may apply.

INTERNATIONAL EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Max Ferrero in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
CHIEF EXECUTIVE	Attractive	Int'l trade.	New York	Well versed in all aspects of chemical & related product trading; U.S. citizen pref.	Hans F. Pfersich, File 1/20563, P & M Beratung W. Haisaud GmbH, Poppelsdorfer Allee 45, D-5300 Bonn 1.	I.H.T. 31-5-84
AQUARIUM CURATOR		Taronga Zoo.	Sydney	Deg. in zoology or related field; extensive mngt. exp. in large aquarium or similar facility pref.	Director, Taronga Zoo, P.O. Box 20, Mosman, N.S.W. 2088, Australia.	I.H.T. 31-5-84
EXPORT MANAGER		Flaconnage plastique.	Mayenne, France	Form. Sup. (école ingénieur ou Commerce); Fr., Ang., All.; min. 5 ans exp. vente produits industriels.	Réf. 4582, Orion, 35 Rue du Rocher, 75008 Paris.	L'Express 1-6-84
CHEF DE MARCHE EXPORT		Cognac Prince Hubert de Polignac.	Cognac, France	Env. 35 ans; 10 ans exp. dans exportation produits de consommation; Fr., Ang. + All.	G. Delmer, Direction du Personnel, 49 Rue Lohmeyer, 16102 Cognac Cedex, France.	L'Express 1-6-84
MANAGER	Attractive	Société Générale de Surveillance. (Cotton operation).	Geneva	Years exp. int'l raw cotton trading; well introduced in this specific environ.; Eng., Fr., Swiss nat. or permit.	Société Générale de Surveillance S.A. Personnel Division, Place des Alpes 1, 1201 Geneva.	I.H.T. 2-6-84
ADMINISTRATIVE CO-ORDINATOR		Euro Action-Acord.	London	Fr., Eng.; exp. & proven competence in admin., incl. personnel mngt.; understanding of financial matters.	Personnel Dept., Euro Action-ACORD, Francis House (3rd floor), Francis St., London SW1P 1DQ.	I.H.T. 2-6-84
PROJECTS OFFICER		Euro Action-Acord.	London	Fr., Eng.; min. 3 yrs. exp. working in devpt. overseas, pref. in Africa; proven admin. ability.	Personnel Dept., Euro Action-ACORD, Francis House (3rd floor), Francis St., London SW1P 1DQ.	I.H.T. 2-6-84
DIRECTEUR COMMERCIAL INTERNATIONAL	F.F. 300,000- an +	SBM (appareils de chauffage).	Dijon, France	Form. sup. commerciale; solide exp. commerce int'l; forte personnalité; Fr., Ang. + All. ou Esp.	Réf. 84 393, Selecom, 225, Rue du Fg.-St.-Honoré, 75008 Paris.	Le Point 4-6-84



Over-the-Counter

NEW YORK (AP)-Weekly Over the Counter stocks giving the high, low, and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc., are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markup, markdown or commission.
Sales supplied by NASD.

			Sales in 100s	High	Low	Last	Net Ch'ge
A							
A M Fd			87	6¾	5⅞	6¼	+ ⅛
AA Imp			1	6¼	6¼	4¼	
ABS h	.12e	2.0	57	6	5¾	6	
AEC s	.08t	.6	84	13⅞	13½	13½	
ABL In			25	26	25½	26	+ ½
AFP			215	3⅞	3⅝	3¾	+ ⅛
AMCbl			394	6	6¾	3¾	+ ⅜
AMC	.09e	.8	311	12¼	11¾	12	+ ¼
ATBE			68	8¼	6	6¼	
ATE	1		135	5½	5¼	5⅜	— ⅛
ATV			87	1⅝	1¼	1½	— ⅛
AVM Cp			35	6⅝	6⅝	6⅝	
Abrams	.32b	3.6	1	9	8¾	9	— ⅜
AcapRs			176	4⅞	4⅝	4⅝	— ⅛
Acato	1		115	18¼	18¼	18¼	
ACMAT			25	6⅝	9¾	9¾	
AcmeG s	.20a	1.8	101	13⅝	13⅛	13⅛	— ¼
AcroEn			44	5½	5½	4¾	
Acro un			67	5	5½	5½	— ⅛
Actvsn			1658	1¼	1⅛	1⅛	
Actmed			2171	16⅞	16⅜	16⅝	
AdiasnW	.60	2.7	372	22½	21¾	22½	+ ¾
AdvRoss			131	5	4⅝	5	+ ¼
AdCpt			95	2⅝	2⅜	2⅝	
AdvGen			81	4½	3⅝	4⅛	+ ⅛
AdvSem			153	22	21½	21¾	+ ¼
AdvTel			31	5	4⅝	4⅝	— ¼
AdTob un			332	6¼	5¾	5⅞	— ⅜
AeroSv			125	2	1¾	1⅞	— ⅛
AeroSy	†		919	2½	2⅜	2½	
Aerosn			527	2¼	2⅛	2¼	
AflBcp	1.00	4.7	31	21¼	21	21½	+ ½
Agnico g	.12e	.9	1134	14½	13½	13⅝	— 1¼
AirCarg			35	4⅝	4½	4½	— ¼
AirFla h			4079	1⅞	1⅝	1⅞	+ ¼
AirMdw	.05e	.4	828	10¾	10	10⅝	+ ⅜
AirOne			2702	2⅝	2⅛	2⅛	— ½
AlamoS	.60	2.9	37	20⅞	20½	20½	
Alanco			988	⅝	⅝	⅝	
AlskBc			17	9¾	8½	5⅝	+ ¼
AlskMl	1		403	13	13⅜	12⅞	
Alaten	2.20	5.5	782	40	40	40	

			Sales in 100s	High	Low	Last	Net Ch'ge
BlMed un			53	6	3½	3⅝	— ⅜
BioRsp wt			208	6	5	5⅝	+ ⅛
Biolog			438	1⅝	1⅛	1¼	
Biomet s			122	10	9¼	9⅝	— ¼
BioTcC			437	2½	2	2⅛	— ⅛
BlTchG s			159	4⅝	4⅜	4⅝	+ ⅛
Birdl pf	5.00	40.8	39	13	12¼	12¼	— ⅛
Birtchr			321	6⅛	5½	5⅝	— ¼
Bitco s	1.33	14.8	184	11	9¼	9½	— 1½
Blasius			6	3⅛	5⅜	3⅝	
Bliss pf	1.00	80.0	131	1¼	1	1¼	
BlackD	1.00b	3.6	17	27½	27½	27½	
Blomfld			137	5	4½	5	+ ½
BlufdSp		2.2	6	13⅝	13½	13⅝	
BlRdg un			11	9	8⅝	9	
Bluesky			14	3⅝	2⅞	3⅝	+ ⅛
BlueOG g			114	4½	4⅜	4¼	+ ⅛
Blyvoor	1.72e	12.3	1479	15¼	16	14	— 1⅛
BoatB s	1.35	4.9	72	27½	27½	27½	
BobBrk			177	1⅝	1⅝	1⅝	+ ⅛
Bogert			253	1	⅞	⅞	— ⅛
Bohema	.40b	3.8	228	11⅛	10½	10½	— ½
Bomans			43	9⅝	9⅝	9⅝	
Bonray			182	2⅝	2½	2½	
BooleB			519	9¼	9	9⅛	
BoonEl	†		182	6¼	5½	6¼	+ ⅛
BoothF s			121	19½	19⅛	19½	
BsmFC			993	10	9¾	10	+ ⅛
Bowater	.34e	9.8	460	3⅝	3	3	— ¼
Bowline			1	1⅜	1⅜	1⅜	
Brackn			171	3⅛	2⅝	3⅜	— ⅛
Braim g	.05e		347	5⅝	4⅞	5⅞	+ ⅛
BrnchC	1.16	5.8	238	25¾	25½	25½	— ¼
Brndln			53	6¼	4¾	4¾	
Braniff			1555	8	6⅝	7⅝	+ 1¼
Brenner				6½	6½	6½	
BrentB s	.63	5.8		11¼	11¼	11¼	
BroadF	.01a	.2	562	4½	4	4⅝	
BrokHill	.70r	8.0	2379	9	8⅝	8⅝	— ⅛
BrokrM			597	9⅛	6⅝	9	+ ⅛
BrookR			2	8½	3½	3½	
BrwnRb			132	7¼	7	7	
BckeyF			107	11¼	11⅛	11⅛	
Buffels	4.29e	6.8	409	68¼	63½	63½	— 6
BuildTr			119	15⅝	13¾	15¼	+ 1½
Burke			102	8½	2⅝	2⅝	— ¼
Burnh	.15e	5.8	307	2⅝	2⅝	2⅝	
BurnupS			199	6⅝	5⅝	6⅝	+ ½
Burrit			29	9⅝	9½	9⅝	+ ¼
BurtH			175	1¼	1¼	1¼	
Businld			4082	7⅜	7⅛	7¼	— ⅜
ButlrMf	1.32	6.4	125	20⅝	20⅜	20½	+ ¼
ButlrN			164	5½	2⅞	2⅞	
Butrfld			134	7	2⅝	3	+ ¼
BverC s			286	9½	9¼	9⅝	

(Continued on Page 17)

NASDAQ National Market

Chicago Exchange Options

For the Week Ending June 8, 1984

(Continued from Page 16)

Over-the-Counter

New Issues Flood Market But Few Sell

(Continued from Page 13)

13⅞ percent. It ended the week quoted at 99⅝ bid. All Nippon Airways, carrying the guarantee of IBJ, sold $100 million of 10-year bonds at par with a coupon of 14 percent. Both issues were helped by substantial buying from Japanese institutions.

Austria's Genossenschaftliche Zentralbank offered $100 million of seven-year notes at par bearing a coupon of 14 percent but ended the week at a discount of 1¾ points. Austria itself offered $100 million of eight-year paper at par bearing a coupon of 13⅝ percent but ended at a discount of 2 points.

Cie. Bancaire sold $75 million of six-year, 13⅞-percent paper at a discount of 99¾ to yield 13.94 percent but ended the week at a discount of 3 points. Although its recent issue in ECU was rated double-A, dealers said the bank suffered because its name is not well known internationally.

Denmark's $100 million of seven-year bonds were offered at par bearing a coupon of 14 percent and companion four-year warrants, to buy $1,000 of 12¾-percent bonds due in 1991, were offered at $15 each. The bonds ended the week at a discount of 1¾ points and the warrants fell to $12, neither helped by comments reported in the Financial Times by the deputy central bank governor, Richard Mikkelsen, about Denmark being caught in a race to keep up with interest payments on its foreign and domestic debt.

All of these issues were swaps into below-Libor floating-rate debt, except for All Nippon, which was a swap into yen and Austria, which was presumed to be a swap into guilders.

With six-year notes yielding 14 percent, FirstFed of Michigan had a hard time trying to market $125 million of five-year, 13¼-percent notes that were priced at 99⅞ to yield 13.27 percent. The attraction was supposed to be the collateralization of the issue with securities of U.S. government agencies, but the notes ended the week at a sharp discount of 2⅛ points.

A good example of how thin retail demand really is was the limp response to the zero-coupon bonds offered last week. Because no interest is paid on these issues until redemption at final maturity, dealers have little incentive to inventory such paper. To the extent they do it is as speculation based on the expectation of big price gains if interest rates drop — which no one currently expects.

General Electric Credit was first in the market, offering 12-year bonds at a price of $255.50 for each $1,000 security. Redemption at face value, a capital gain of 291 percent, is equivalent to having earned 12.04 percent in annual interest. Demand was strong and the issue was increased from a nominal $410 million to $600 million, the amount to be repaid at redemption. The initial subscription amounted to $153.3 million.

Some investors, especially in Japan, prefer the capital gains of zero bonds to annual interest of classic bonds because of the more favorable tax treatment they get in reporting capital gains. In addition, investors, especially institutions, like to lock in the compounding of the annual interest inherent in a zero. Others may be drawn to zeroes for the potential sharp rise in price if market interest rates decline.

In exchange for this, GEC was able to raise fixed-rate money at terms that it could not match through any other instrument. The offering terms set the cost of money to GEC at 135 basis points below comparably dated U.S. Treasury paper. Worth noting is the fact that the GEC zero maturing in 1995 was then trading at a price equivalent to 220 basis points below Treasury paper. Thus, holders of the old notes had an incentive to sell the old GEC paper for the new issue.

In fact, it sold very well, especially in Japan, and ended the week at a 1-point discount.

Sears Overseas Finance, which has two zeroes outstanding, introduced only two days later $500 million nominal amount of zeroes and had a much less favorable reception. The Sears paper was longer, for 14 years, and offered a slightly lower yield of 11.99 percent with a purchase price of $205 per $1,000 bond. The new issue was priced at 140 basis points under Treasury paper compared with the 172 basis points on its outstanding issue maturing in 1994.

But market sentiment generally had turned less favorable and weak demand by investors resulted in a discount late Friday of 1¾ points.

In the floating-rate-note market, Belgium sold $100 million of 12-year notes to a syndicate of Nordic banks. To prevent leakage back into Belgium the notes are registered and sold only in large denominations of $500,000. Interest is set at ⅛ point over Libor and front-end fees of 90 basis points mean that Belgium is paying an effective ¼ point over Libor for its money.

Minebea, a Japanese maker of ball bearings, is selling $100 million of five-year FRNs guaranteed by Sumitomo Trust. Interest is set at a low ⅛ point over Libor thanks to this guarantee and thanks to the fact that investors can request redemption, at par, at any interest payment for the first four years. In effect, holders are assured of no capital risk.

The syndicate of banks that for an annual commission of 1/16 percent will stand behind this "put" option is still to be formed, a spokesman for lead manager Nomura International said.

In the equity-linked market, Murata Manufacturing's coupon of 3½ percent helped keep the indicated price on its 16-year convertibles close to par. But Toppan Printing did less well because of a lower 2¾-percent coupon and because it offered less currency play than traditional convertibles.

Toppan's issue is basically a Euroyen bond dressed up as a dollar bond to avoid the withholding tax it would have to pay on a yen-denominated issue. As a result, subscriptions will be priced in dollars but there will be no dollar-yen exchange rate needed to convert into shares and thus no foreign exchange gains for investors to make if the yen appreciates sharply against the dollar.

Both Murata and Toppan operate in high technology, an attraction Nikko Securities does not offer and its $60-million of 10- and 15-year convertibles were not sought after.

The Deutsche mark sector also experienced strains last week with foreign investors continuing to shy away. Citicorp's aggressive terms of an 8-percent coupon on 150 million DM of eight-year paper resulted in a when-issued quote of 98. By contrast, the European Coal and Steel Community offered 100 million DM of eight-year notes bearing a coupon of 8⅛ percent and priced at a discount to yield 8¼ percent.

NEW EUROBOND ISSUES

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield at offer	Price end week	Terms
FLOATING RATE NOTES							
Belgium	$100	1996	⅛	100	—	99.20	Over 6-month Libor. Minimum coupon 5¼%. Redeemable at par in 1991 and 1994 and callable at par in 1991. Private placement. Commissions 0.9%.
Minebea	$100	1989	⅛	100	—	—	Over 6-month Libor. No minimum coupon. First callable at par in 1987 and redeemable at par on any interest payment date except the last two.
Société Financière Européene Int'l	$75	1991	¼	100	—	99.25	Over 6-month Libor. Minimum coupon 5¼%. First callable at par in 1987. Commissions 1.3%. Increased from $50 million.
FIXED-COUPON							
All Nippon Airways	$100	1994	14	100	14	99.00	Noncallable.
Austria	$100	1991	13⅝	100	13⅝	98.00	Noncallable.
Compagnie Bancaire	$75	1990	13⅞	99¾	13.94	97.05	Noncallable.
Denmark	$100	1991	14	100	14	98.25	First callable at 101 in 1988.
Denmark	0.10	1988	—	$15	—	11.50	Each warrant is exercisable at par into a $1,000 note of Denmark's 12¾% of 1991, callable at 101 in 1988 if less than 10,000 warrants are exercised.
FirstFed of Michigan Int'l	$125	1989	13¼	99⅞	13.27	97.88	Noncallable. Backed 158% by U.S. government agency securities.
General Electric Credit Int'l	$153	1996	zero	25.55	12.04	24.50	Callable any time at par. Increased from $105 million. Face value of the bonds is $600 million.
GZB	$100	1991	14	100	14	98.25	Noncallable.
IBJ	$125	1991	13⅞	100	13⅞	99.63	Noncallable.
Sears Overseas Finance	$102.5	1998	zero	20½	11.99	18.75	Callable any time at par. Face value of the bonds is $500 million.
Citicorp Overseas Finance	DM 150	1992	8	100	8	98.00	First callable at 102 in 1988.
European Coal & Steel Community	DM 100	1992	8⅛	99⅝	8.24	98.00	Callable at 101½ in 1989. Sinking fund to start in 1989 to produce a 6.7-yr average life. Private placement.
Société Luxembourgeoise de Centrales Nucléaires	DM 100	1991	8	99½	8.10	97.50	First callable at 101 in 1989.
European Investment Bank	ECU 60	1992	11⅛	100	11⅛	99.00	First callable at 100½ in 1990. Purchase fund operating in first 3 years will produce a 7.17-yr average life.
Svenska Exportkredit	ECU 57.5	1989	11	open	—	98.88	Noncallable. Price to be set June 19.
South Africa	£ 40	1989	12½	100	12½	98.20	Noncallable.
British Columbia	C$ 100	1991	13½	100	13½	98.13	Noncallable.
Hudson's Bay	C$ 50	1989	open	open	—	98.00	Coupon indicated at 14¼%. Noncallable. Terms to be set June 21.
Beatrice Foods Overseas Finance	DF 100	1989	8¼	99½	8.38	98.50	Noncallable private placement.
EQUITY-LINKED							
Murata Manufacturing	$100	2000	open	100	—	99.50	Coupon indicated at 3½%. Callable at 104 in 1987. Convertible at an anticipated 5% premium. Terms to be set June 13.
Nikko Securities	$30	1994	open	100	—	98.00	Coupon indicated at 3¼%. Callable at 103 in 1989. Convertible at an anticipated 5% premium. Terms to be set June 11.
Nikko Securities	$30	1999	open	100	—	98.00	Coupon indicated at 3¼%. Callable at 103 in 1989. Convertible at an anticipated 5% premium. Terms to be set June 11.
Toppan Printing	Y 10,000	1994	open	100	—	97.75	Coupon indicated at 2¾%. Callable at 102½ in 1987. Convertible at an anticipated 5% premium. Bonds to be denominated in dollars, at exchange rate prevailing at time of payment.

Krediethux Indices June 8

(Base 100 May 1, 1977)

Industrials, US $ L.T.	85.411
Int'l institutions US $ L.T.	88.683
US $ medium term	97.862
Canadian $ medium term	100.481
ECU medium term	102.253
UC 9	87.194
DM	98.372
Guilders	107.0458
FF short term	119.092
F Lux	98.498
Int'l inst. F Lux medium term	101.477
F Lux medium term	101.423
Int'l inst. Yen long term	101.687
ECU short term	99.16
ECU long term	108.594

Consolidated Trading Of NYSE Listings

Week Ended June 8

	Sales	High	Low	Last	Ch'ge
IBM	8,215,100	109¼	103⅝	105¾	−2¾
Exxon	6,878,400	40⅞	40	40⅝	+⅛
AT&T n	6,436,900	15½	15	15⅜	−⅛
Sears	5,379,900	31¾	30½	31	+½
ContIll	5,238,300	7⅛	5⅛	7⅛	+1¼
Disney	5,095,800	66⅞	62	65⅞	+1½
SuprOil	4,854,300	43	41⅝	41⅞	+⅛
FordM s	3,441,000	39¼	37½	37⅞	−⅞
StOInd	3,273,100	59⅝	57⅝	59	+⅞
GMot	3,240,200	65⅞	63⅝	65¼	+1
Chryslr	3,094,300	25	23¾	24⅝	−⅛
Boeing	3,048,200	43¼	39⅞	42⅝	+3¼
NSemi s	2,964,900	12¼	11½	11⅞	−½
CntlGr s	2,935,700	44½	36	44⅝	+7⅛
MesaOf	2,890,300	2⅞	[illegible]	2½	−⅛
JewelC	2,885,800	68	62¾	66	−2¼
Revlon	2,883,000	40⅝	39⅝	39½	−¼
Texaco	2,756,400	36⅛	34½	34⅝	−⅞
ChNY s	2,644,500	26	24½	26	+2
AMRCp	2,598,100	33⅞	31⅛	32¼	−⅛

Issues Traded In: 2,224
Advances: 1,320 declines: 690
unchanged: 214
New highs: 36 ; new lows: 157

Volume

This week	414,980,080 shares
Last week	352,650,000 shares
1983 same week	438,730,000 shares
1984 to date	10,172,152,429 shares
1983 to date	9,818,190,000 shares
1982 to date	5,825,400,000 shares

Micro Devices, Siemens Set Pact

Reuters

SUNNYVALE, California — Advanced Micro Devices Inc. has announced plans to develop integrated circuit products jointly with Siemens AG of West Germany.

It also said Friday that it had agreed to extend to June 1989 an agreement between the two companies that allows Siemens to acquire a 20-percent interest in Advanced Micro Devices.

The joint development program is an expansion of an agreement reached in January 1978, the company said. It said the products to be developed under the new program will help both companies in supplying the IAPX86, said to be the most widely used 16-bit microprocessor family in the world. The bit, or binary digit, is the basic unit of computer information.

Belgians Report Growth In Exports of Diamonds

The Associated Press

ANTWERP, Belgium — Exports of polished diamonds from Belgium rose by 11.2 percent in the first quarter, to 23.04 billion Belgian francs ($420 million) compared with the period in 1983, according to Antwerp's High Diamond Council.

The council said Friday that imports of polished diamonds rose by 6.4 percent to 16.91 billion francs and that first-quarter sales in the Antwerp diamond market was up by 25 percent to 83 billion francs. Exports of rough and industrial diamonds also rose during the quarter.

Treasury Bills

Due	Bid	Ask	Yld
6-14	9.43	9.53	9.67
6-21	10.05	9.97	10.16
6-28	8.15	8.01	8.15
7- 5	9.31	9.37	9.46
7-12	9.57	9.51	9.72
7-19	9.58	9.52	9.75
7-26	9.41	9.35	9.59
8- 2	9.74	9.68	9.95
8- 9	9.82	9.70	10.08
8-16	9.78	9.74	10.05
8-23	9.77	9.71	10.04
8-30	9.82	9.78	10.13
9- 6	9.87	9.85	10.23
9-13	9.37	9.79	10.18
9-20	9.93	9.87	10.29
9-27	9.98	9.92	10.36
10- 4	10.14	10.08	10.56
10-11	10.19	10.13	10.63
10-18	10.25	10.19	10.72
10-25	10.30	10.34	10.80
11- 1	10.43	10.39	10.98
11- 8	10.44	10.40	11.02
11-15	10.33	10.27	10.80
11-24	10.50	10.44	11.11
11-29	10.47	10.41	11.10
12- 6	10.52	10.58	11.23
12-27	10.47	10.41	11.15
1-24-1985	10.34	10.28	11.03
2-21	10.63	10.55	11.38
3-21	10.67	10.59	11.48
4-18	10.79	10.71	11.68
5-16	10.84	10.78	11.84

Source: Federal Reserve Bank

Consolidated Trading Of AMEX Listings

Week Ended June 8

	Sales	High	Low	Last	Ch'ge
TIEs	1,617,900	14⅛	13⅞	13⅞	−⅛
WangB	1,399,100	26½	24⅞	26¼	+1¼
BAT	634,600	3⅛	3	3	+⅛
DomeP	610,000	3	2½	2⅞	+⅛
NY Tm s	581,900	30⅛	29	29¼	+1¼
GalxyO	537,000	2⅝	2¼	2⅝	+⅛
Grangr	524,700	21⅛	20¾	20⅞	+⅛
HornH s	519,700	17	14⅝	16⅞	+1¼
Delmed	408,500	5⅝	4⅝	5½	−⅛
DataPd	404,800	19⅞	18½	19	−¼

Volume: 25,690,000 shares
Year to Date: 678,420,000 shares
Issues traded in: 908
Advances: 461 ; declines: 292
Unchanged: 135
New Highs: 22 , new lows: 60

Gold Options (prices in $/oz.)

From	Aug.	Nov.	Feb.
390	13.50-15.50	—	—
400	9.75-11.75	20.00-22.00	—
410	5.75- 7.00	15.00-16.50	—
420	3.75- 5.25	11.75-13.25	19.75-21.75
430	—	8.75-10.25	15.75-17.75
440	—	—	12.00-14.00

Gold 387.00-387.50

IMF Clears Loan For Yugoslavia

Reuters

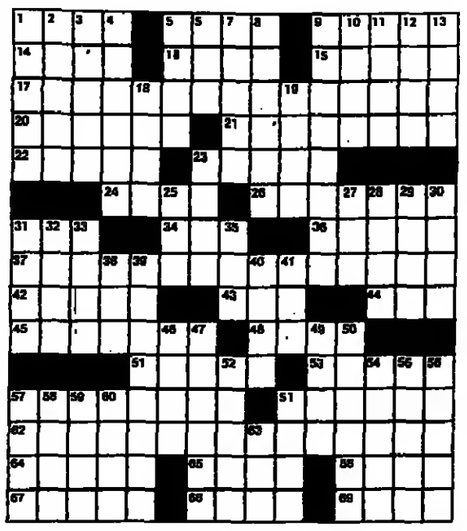
BELGRADE — The International Monetary Fund has approved preconditions for Yugoslavia to begin drawing on a $370-million standby credit, Yugoslavia has announced.

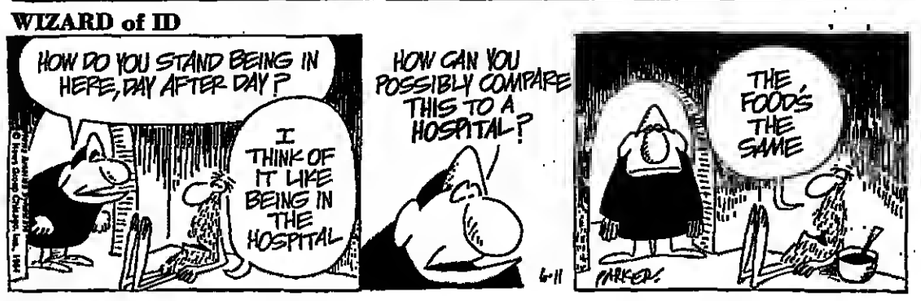
The Yugoslav finance minister, Vlado Klemencic, said Friday that the IMF board of directors had approved a letter of intent setting out the country's plans for economic adjustments. He was quoted by the Tanjug news agency.

Mr. Klemencic said Yugoslavia would draw the first installment of the credit in mid-June. No details of the new commitments were disclosed. The IMF credit, approved last March, had been scheduled for release in May. But the fund said the lifting of a price freeze on May 3 had broken earlier pledges.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)





ACROSS

1 Encounter
5 Tender
9 S.R.O. show
14 Can. province
15 Literary Lamb
16 Bingo relative
17 Astronaut/bandleader
20 Unfolded
21 Substitutes
22 Rent again
23 Existence
24 Pro —— (*in proportion*)
26 Holy
31 Mad —— hatter
34 *Mineral* deposit
36 Water wheel
37 General/Oscar winner (1975)
42 Spinal cord: Comb. form
43 One of Mickey's exes
44 Legume
45 Willow twigs
48 Rainbow goddess
51 Bullion
53 Pursue
57 Michael Jackson's prized collection
61 Seethed
62 Oscar winner (1964)/"Star Wars" star
64 "... a tale told by an ——...": Macbeth
65 Paradise
66 Bangkok native
67 Band after bandits
68 Wine: Comb. form
69 Garage or fire follower

DOWN

1 Barbara or Hoople
2 Run to wed
3 Waters or Merman
4 Roscoe of tennis
5 Tuesday in Hollywood
6 Drink on draught
7 Washer cycle
8 Praying ——
9 Discus thrower's activity
10 Pattern
11 King of the Huns
12 Garbo contemporary
13 —— d'oeuvre
18 "I —— Kick Out of You"
19 "Give a —— horse ..."
23 Unadorned
25 Young child
27 Neighbor of Swed.
28 Snare
29 One, to Fritz
30 Computer input
31 "A Farewell to ——"
32 Salty sauce
33 Cain's victim
35 Guido's high note
38 Building wing
39 Sharer of lodgings
40 Satanic
41 Corn unit
46 Dam
47 Sound equipment
49 Religious image
50 Changes
52 Notwithstanding
54 Hilo greeting
55 Ecologically changing
56 Murphy or Albert
57 Luggage piece
58 An anagram for rode
59 Losers in W.W. II
60 Units of conductance
61 Pro —— publico
63 D.C. V.I.P.

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PEANUTS

BLONDIE

BEETLE BAILEY

ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD

DENNIS THE MENACE

"NAW ... I DON'T OWN HIM. HE OWNS ME!"

JUMBLE

THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DANSY

NELLK

PURROA

GETULL

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ☐☐☐ OUT OF "☐☐☐"

(Answers tomorrow)

Friday's | Jumbles: BEGOT PUDGY TYPHUS CONCUR
Answer: What the pooped kangaroo was— "OUT OF BOUNDS"

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	26	79	15	59	fr
Amsterdam	19	64	8	46	cl
Athens	26	79	18	64	fr
Barcelona	22	72	11	52	fr
Belgrade	23	73	12	54	cl
Berlin	14	57	11	52	o
Brussels	20	68	6	43	fr
Bucharest	22	72	12	54	cl
Budapest	18	64	13	55	cl
Copenhagen	16	61	15	50	cl
Costa Del Sol	26	79	14	57	fr
Dublin	16	61	11	52	cl
Edinburgh	11	52	8	46	o
Florence	25	77	10	50	fr
Frankfurt	20	68	6	43	fr
Geneva	20	68	7	45	fr
Helsinki	15	60	2	36	o
Istanbul	24	75	15	59	fr
Las Palmas	22	72	18	64	cl
Lisbon	22	72	12	54	fr
London	22	72	12	54	fr
Madrid	25	77	11	52	o
Milan	23	73	12	55	fr
Moscow	14	57	7	45	o
Munich	18	64	5	41	fr
Nice	20	68	14	57	cl
Oslo	13	55	7	45	cl
Paris	23	73	12	54	fr
Prague	19	66	9	48	fr
Reykjavik	10	50	8	46	r
Rome	22	72	11	52	fr
Stockholm	9	48	1	34	sh
Strasbourg	20	68	7	45	fr
Venice	22	72	15	59	fr
Vienna	20	68	11	52	fr
Warsaw	12	54	8	46	sh
Zurich	20	68	6	43	cl
MIDDLE EAST					
Ankara	20	68	6	43	cl
Beirut	—	—	—	—	na
Damascus	36	97	17	63	fr
Jerusalem	27	81	15	59	fr
Tel Aviv	30	86	19	66	fr
OCEANIA					
Auckland	16	61	13	55	r
Sydney	16	61	10	50	o

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	23	73	25	77	o
Beijing	32	90	21	70	fr
Hong Kong	32	90	26	79	o
Manila	34	93	24	75	o
New Delhi	38	100	29	84	cl
Seoul	22	72	15	59	fr
Shanghai	27	81	23	73	o
Singapore	30	86	25	77	o
Taipei	29	84	25	77	o
Tokyo	24	75	18	64	sh
AFRICA					
Algiers	25	77	10	50	fr
Cairo	32	90	22	72	fr
Cape Town	20	68	12	54	o
Casablanca	24	75	15	59	fr
Harare	22	72	10	50	fr
Lagos	30	86	24	75	o
Nairobi	—	—	—	—	na
Tunis	24	75	14	57	fr
LATIN AMERICA					
Buenos Aires	15	59	6	43	cl
Lima	21	70	17	63	o
Mexico City	26	79	13	55	cl
Rio de Janeiro	26	79	21	70	o
Sao Paulo	—	—	—	—	na
NORTH AMERICA					
Anchorage	18	64	9	48	pc
Atlanta	30	86	19	66	fr
Boston	35	95	23	73	fr
Chicago	29	84	20	68	pc
Denver	23	73	7	45	fr
Detroit	31	88	21	70	pc
Honolulu	30	86	22	72	fr
Houston	32	90	21	70	pc
Los Angeles	25	77	18	64	fr
Miami	30	86	24	75	pc
Minneapolis	20	68	14	57	pc
Montreal	29	84	22	72	fr
Nassau	30	86	23	73	fr
New York	35	95	25	77	fo
San Francisco	22	72	11	52	fr
Seattle	18	64	9	48	pc
Toronto	30	86	21	70	pc
Washington	37	98	24	75	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Cloudy. Temp. 18—9 (64—48). LONDON: Fair. Temp. 23—8 (73—46). MADRID: Stormy. Temp. 27—15 (81—59). NEW YORK: Foggy. Temp. 33—24 (91—75). PARIS: Fair. Temp. 26—12 (79—54). ROME: Fair. Temp. 23—13 (73—55). TEL AVIV: Fair. Temp. 31—19 (88—66). ZURICH: Fair. Temp. 21—7 (70—45). BANGKOK: Thunderstorms. Temp. 33—27 (91—81). HONG KONG: Cloudy. Temp. 21—27 (88—81). MANILA: Cloudy. Temp. 33—24 (91—75). SEOUL: Fair. Temp. 25—15 (77—59). SINGAPORE: Cloudy. Temp. 29—25 (84—77). TOKYO: Showers. Temp. 24—19 (75—66)

BOOKS

CITIES AND THE WEALTH OF NATIONS: Principles of Economic Life

By Jane Jacobs. 257 pp. $17.95.
Random House, 201 E. 50th St.,
New York N.Y. 10022.

Reviewed by Jonathan Yardley

READERS coming to Jane Jacobs's new book with fond memories of her first, "The Death and Life of Great American Cities," will be both reassured and surprised. The reassurance lies in Jacobs's continuing commitment to the city as the most productive and desirable setting for human life. The surprise is that while the first book was largely the result of first-person observation, "Cities and the Wealth of Nations" is almost entirely theoretical, much of it densely argued and some of it difficult to follow.

But it is also a provocative and rewarding book. It challenges comfortable assumptions in a manner that is neither rancorous nor contentious. For a book that gets down to basics it is remarkably oblivious to political realities, but at all times it is serious, thoughtful, humane.

It is also gloomy. Jacobs believes, and certainly the evidence supports her, that the reality of the time is not a curve confidently drawn in a university or thinktank but stagflation, "a combination of rising unemployment and inflated prices" which defies all the curves and theories of economists. The myth that economies can be fine-tuned has been proved to be just that: a myth. The prospects are unpleasant:

"I cannot see any way of understanding stagflation except as a normal consequence of economic stagnation, just as backwardness and low productivity are other normal consequences of stagnation. If I am correct, the emergence of stagflation in formerly developing and expanding economies is appalling in its implications and portents. It is not just a problem of inflation to be gotten under control along with a problem of unemployment to be dealt with by mastering inflation, or vice versa. It is a condition in its own right, the condition of sliding into profound economic decline."

Jacobs is less generous with remedies than with analysis. A central contention of her book is that the ground rules are wrong. Instead of assuming that nations, which are "political and military entities," are also "the basic, salient entities of economic life," Jacobs argues, and most persuasively, that the actual shaper of economic life is the city, cities being "unique in their abilities to shape and reshape the economies of other settlements."

It is a strong argument for the simple reason that nations are fundamentally artificial and unmanageable in nature, while cities are the results of natural processes of political, social and economic evolution. Cities, being both "diverse and concentrated" are "uniquely necessary to economic life." Jacobs explains why:

"Their vital functions are to serve as primary developers and primary expanders of economic life, functions that work not in the least like perpetual motion. They require continually repeated inputs of energy in two specific forms: innovations, which at bottom are inputs of human insight; and ample replacements of imports, which at bottom are inputs of the human capacity to make adaptive imitations. The usefulness of cities is that they supply contexts in which those inputs — insights and adaptations — can be successfully injected into everyday economic life."

This second process, of "import-replacing or import-substitution," is the key to Jacobs's interpretation of the growth of city economies, and it is what she believes must be encouraged if cities are to revive and prosper. For example, instead of importing products, colonial American cities began "replacing" these imports with their own variations leading to the establishment of other firms that provided products needed by retailers, and in turn "these" firms produced other firms that provided supplies. The end result was self-sufficient economies.

This is a natural process, Jacobs says. It can't be created by the mandates of national governments or by funds from foreign countries. "Development is a do-it-yourself process; for any economy it is either do it yourself or don't develop. All of today's highly developed economies were backward at one time, yet transcended that condition." Therefore she is impatient with theories and programs, with the predictions and projections of economists. You can't plan an economy, she says, and points most tellingly to Russia and China as proof positive; she prefers the development of an economy seen as "open-ended rather than goal-oriented," and in which prosperity "depends on fostering creativity in whatever forms it happens to appear in a given city at a given time."

"Cities and the Wealth of Nations" is given to a certain amount of vague generalization and excess of idealism. Perhaps the most glaring flaw is Jacobs's failure to recognize the political dynamics of cities and the various difficulties they create. Although it has weak spots, its strengths are far greater, and among them are: Jacobs's analysis of the rise and decay of city economies; her challenge to the received economic wisdom; her clear-eyed view of the relationships between cities and the nations to which they are hostage.

Jonathan Yardley is on the staff of The Washington Post.

Solution to Friday's Puzzle

■	A	R	A	R	A	T	■	■	T	A	T	A	R	■
E	Y	E	L	A	S	H	■	R	A	M	A	D	A	N
A	N	T	O	I	N	E	■	E	P	I	R	O	T	E
S	R	I	■	D	E	K	O	V	E	N	■	N	A	R
Y	A	N	A	■	R	I	P	E	R	■	C	A	T	O
G	N	A	T	S	■	D	E	L	■	P	H	I	A	L
O	D	E	T	O	A	■	R	E	A	L	I	S	T	■
■	■	■	R	E	H	E	A	R	S	A	L	■	■	■
■	P	E	A	S	A	N	T	■	P	I	L	A	T	E
B	R	A	C	T	■	T	I	P	■	T	O	N	A	L
L	E	T	T	■	F	R	O	E	S	■	N	I	N	A
A	S	O	■	P	A	I	N	T	E	D	■	M	A	T
S	E	N	S	A	T	E	■	A	V	E	R	A	G	E
E	N	E	M	I	E	S	■	R	E	L	A	T	E	R
■	T	S	A	R	S	■	■	D	R	A	W	E	R	■

BRIDGE

By Alan Truscott

ON the diagramed deal, North and South bid briskly to six hearts, which is a sound contract.

South could have chosen a cue-bid at his second turn, aiming to put on the brakes if North had nothing in clubs, but he preferred to take a shot so that West would have little clue to the right opening lead.

If West had hit on a spade lead, South would have had to hope that the club king was favorably placed. After winning the spade ace, he would have drawn trumps and led the club jack to force a cover with the king. He would have taken the ace and queen, and then thrown his spade loser on the third round of clubs.

The defense would be welcome to the ten, and a winner would be established in dummy to take care of the potential diamond loser.

When West chose a passive trump lead South's prospects were better. He was able to play in the same fashion with the actual division of the cards, but would have had a chance if East had held the club king. After losing the finesse he would have had to finesse against the ten, a slightly better play than hoping for that card to fall in three rounds.

South was a little lucky to find the crucial 9-8 of clubs in his dummy. If they had been smaller spot cards his chances would have been poor, although not zero.

NORTH
♠ 6 3
♡ J 9 4 3
♢ K 8 3
♣ A Q 9 8

WEST
♠ K 10 4
♡ 10 7 2
♢ Q 7
♣ K 10 6 4 2

EAST
♠ Q J 8 7 5 2
♡ —
♢ J 10 9 6 2
♣ 7 3

SOUTH (D)
♠ A 9
♡ A K Q 8 6 5
♢ A 5 4
♣ J 5

East and West were vulnerable.
The bidding:

South	West	North	East
1 ♡	Pass	3 ♡	Pass
6 ♡	Pass	Pass	Pass

West led the heart two.

NHL Draft

MONTREAL (AP) — First three rounds of draft selections Saturday in the National Hockey League entry draft with team selecting, player's name, position and last amateur club with league affiliation if any:

First Round

1, Pittsburgh, Mario Lemieux, center, Laval (Quebec Major Junior Hockey League); 2, New Jersey, Kirk Muller, c, Guelph (Ontario Hockey League); 3, Chicago (from Los Angeles), Ed Olczyk, right wing, Team USA; 4, Toronto, Al Iafrate, defense, Team USA; 5, Montreal, Petr Svoboda, d, Czechoslovakia; 6, Los Angeles (from Chicago), Craig Redmond, d, Team Canada.

7, Detroit, Shawn Burr, c, Kitchener (OHL); 8, Montreal (from St. Louis), Shayne Corson, c, Brantford (OHL); 9, Pittsburgh (from Winnipeg), Doug Bodger, d, Kamloops (Western Hockey League); 10, Vancouver, J.J. Daigneault, d, Team Canada; 11, Hartford (from Montreal), Sylvain Cote, d, Quebec (QMJHL).

12, Calgary, Gary Roberts, left wing, Ottawa (OHL); 13, Minnesota, David Quinn, d, Kent Prep., Connecticut; 14, New York Rangers, Terry Carkner, d, Peterborough (OHL); 15, Quebec, Trevor Stienburg, rw, Guelph (OHL); 16, Pittsburgh (from Philadelphia), Roger Belanger, c, Kingston (OHL); 17, Washington, Kevin Hatcher, d, North Bay (OHL).

18, Buffalo, Mikael Andersson, c, Sweden; 19, Boston, Dave Pasin, rw, Prince Albert (WHL); 20, New York Islanders, Duncan MacPherson, d, Saskatoon (WHL); 21, Edmonton, Selmar Odelein, d, Regina (WHL).

Second Round

22, Philadelphia (from Pittsburgh), Greg Smyth, d, London (OHL); 23, New Jersey, Craig Billington, goalie, Belleville (OHL); 24, Los Angeles, Brian Wilks, c, Kitchener (OHL); 25, Toronto, Todd Gill, d, Windsor (OHL); 26, St. Louis, Brian Benning (from Montreal, from Hartford), d, Portland (WHL); 27, Philadelphia (from Chicago), Scott Mellanby, rw, Henry Carr, Junior B.

28, Detroit, Doug Houda, d, Calgary (WHL); 29, Montreal (from St. Louis), Stephane Richer, c, Granby (QMJHL); 30, Winnipeg, Peter Douris, c, University of New Hampshire; 31, Vancouver, Jeff Rohlicek, lw, Portland (WHL); 32, St. Louis (from Montreal), Anthony Hrkac, c, Orillia, Junior B.

33, Calgary, Ken Sabourin, d, Sault Ste. Marie (OHL); 34, Washington (from Minnesota), Stephen Leach, rw, Matignon High School, Massachusetts; 35, New York Rangers, Raimo Helminen, c, Ilves, Finland; 36, Quebec, Jeff Brown, d, Sudbury (OHL); 37, Philadelphia, Jeff Chychrun, d, Kingston, (OHL).

38, Calgary (from Washington), Paul Ranheim, c, Edina High School, Minnesota; 39, Buffalo, Doug Trapp, lw, Regina (WHL); 40, Boston, Ray Podloski, c, Portland (WHL); 41, New York Islanders, Bruce Melanson, rw, Oshawa, (OHL); 42, Edmonton, Daryl Reaugh, d, Kamloops (WHL).

Third Round

43, Philadelphia (from Pittsburgh), David Mclay, lw, Kelowna (WHL); 44, New Jersey, Neil Davey, d, Michigan State; 45, Chicago (from Los Angeles), Trent Yawney, d, Saskatoon (WHL); 46, Minnesota (from Toronto), Kenneth Hodge, c, St. John's High School, Massachusetts; 47, Philadelphia (from Hartford), John Stevens, d, Oshawa (OHL); 48, Los Angeles (from Chicago), John English, d, Sault Ste. Marie (OHL); 49, Detroit, Milan Hakupa, d, Czechoslovakia; 50, St. Louis, Toby Ducolon, lw, Bellows High School, Vermont; 51, Montreal (from Winnipeg), Patrick Roy, g, Granby (QMJHL); 52, Vancouver, David Saunders, lw, St. Lawrence University; 53, St. Louis (from Montreal), Robert Dirk, d, Regina (WHL); 54, Montreal (from Calgary), Graeme Bonar, rw, Sault Ste. Marie (OHL); 55, Vancouver (from Minnesota), Landis Chaulk, lw, Calgary (WHL); 56, St. Louis (from New York Rangers), Alan Perry, g, Mount St. Charles High School, Rhode Island; 57, Quebec, Steven Finn, d, Laval (QMJHL); 58, Vancouver (from Philadelphia), Mike Stevens, c, Kitchener (OHL); 59, Washington, Michael Pivonka, Czechoslovakia; 60, Buffalo, Ray Sheppard, rw, Cornwall (OHL); 61, Boston, Jeff Cornelius, d, Kingston (OHL); 62, New York Islanders, Jeff Norton, d, Cushing Academy, Massachusetts; 63, Edmonton, Todd Norman, c, Hill Murray High School, Minnesota

Friday's and Saturday's Line Scores

FRIDAY'S RESULTS
National League
First Game

Pittsburgh 200 000 020—4 11 1
Philadelphia 013 100 00x—5 9 1
Candelaria, Tunnell (4), Guante (7) and Pena; Koosman, Andersen (7), Holland (9) and Virgil. W—Koosman, 5-6. L—Candelaria, 5-5. HRs—Pittsburgh, Distefano (1). Philadelphia, Lezcano (8), Maddox (2), Wilson (2).

Second Game

Pittsburgh 000 000 001—1 8 0
Philadelphia 000 200 00x—2 10 0
McWilliams, Tekulve (8) and May; K.Gross, Holland (8) and Diaz. W—K.Gross, 2-1. L—McWilliams, 2-4.

New York 022 000 000—4 7 4
Montreal 000 001 000—1 6 0
Lynch, Sisk (8) and Fitzgerald; Rogers, James (6), Schatzeder (8) and Carter. W—Lynch, 6-1. L—Rogers, 2-5. HR—Montreal, Raines (4).

Chicago 000 004 000—4 11 0
St.Louis 000 001 40x—5 8 0
Trout, Brusstar (6), Stoddard (7), Altamirano (7), Smith (8) and Davis; LaPoint, Lahti (7), Sutter (8) and Brummer, Porter (7). W—Lahti, 2-1. L—Stoddard, 3-1.

Cincinnati 000 000 000—0 4 0
San Diego 204 000 00x—6 11 0
Price, Scherrer (5), Franco (7) and Bilardello; Lollar and Kennedy. W—Lollar, 5-4. L—Price, 2-4.

Atlanta 200 010 000—3 10 0
Los Angeles 200 000 30x—5 7 0
Barker, Garber (7) and Trevino; Welch, Zachry (8) and Scioscia. W—Welch, 5-6. L—Barker, 4-4. HRs—Atlanta, Murphy (14), Perry (2). Los Angeles, Marshall (11), Landreaux (3).

Houston 000 120 100—4 9 3
San Francisco 021 101 00x—5 8 2
Knepper, Smith (6), Dawley (8) and Bailey, Ashby (8); Garrelts, Lerch (5), Minton (8) and Brenly. W—Lerch, 2-1. L—Knepper, 6-6. HRs—San Francisco, Youngblood (4), Davis (8), Leonard (7).

American League

Seattle 010 200 000—3 8 1
Cleveland 040 000 00x—4 13 1
Beattie, Mirabella (7), Stanton (7) and Kearney; Comer, Camacho (8) and Willard. W—Comer, 1-0. L—Beattie, 4-7. HR—Seattle, Bonnell (3).

Milwaukee 020 000 000— 2 11 0
Boston 214 200 20x—11 18 2
Haas, Lazorko (2), Waits (7) and Sundberg; Boyd and Gedman. W—Boyd, 1-3. L—Haas, 3-5. HRs—Boston, Rice 2 (10), Armas (14).

Detroit 100 000 200—3 10 1
Baltimore 001 001 000—2 6 2
Wilcox, Bair (7), Hernandez (8) and Parrish; Davis, T.Martinez (7), Stewart (9) and Dempsey. W—Wilcox, 7-3. L—Davis, 6-2.

Toronto 110 000 100 00—3 12 1
New York 101 001 000 01—4 7 0
Gott, Key (8), Acker (8) and Whitt, Martinez (10); Niekro, Righetti (9) and Wynegar. W—Righetti, 2-0. L—Acker, 1-3.

Oakland 002 000 020—4 8 1
Texas 000 022 10x—5 9 0
Burris, Atherton (6), Warren (7) and Heath; Tanana, Jones (8) and Scott. W—Tanana, 6-6. L—Burris, 3-5. HR—Oakland, Henderson (5).

Minnesota 000 100 000—1 4 0
Chicago 500 010 00x—6 8 0
Viola, Pashnick (1), Whitehouse (7) and Engle; Bannister and Hill. W—Bannister, 4-5. L—Viola, 4-7. HR—Chicago, Luzinski (2).
(California at Kansas City, ppd., rain).

SATURDAY'S RESULTS
National League

Atlanta 201 000 000—3 9 0
Los Angeles 001 001 002—4 11 0
Mahler, Moore (6), Bedrosian (9) and Benedict; Valenzuela and Scioscia. W—Valenzuela, 6-6. L—Bedrosian, 4-2. HR—Los Angeles, Landreaux (4).

Houston 020 010 200—5 9 1
San Francisco 110 010 002—5 11 0
Scott, LaCoss (4), DiPino (6), Dawley (9) and Ashby; Davis, Cornell (7), Lavelle (7), Williams (9) and Nicosia. W—Williams, 3-0. L—Dawley, 3-4. HR—San Francisco, Youngblood (5).

First Game

New York 014 000 010—6 7 4
Montreal 010 010 001—3 7 1
Darling, Sisk (8), Orosco (9) and Hodges, Fitzgerald (8); Palmer, Schatzeder (4), Lucas (8), Reardon (9) and Carter. W—Darling, 5-3. L—Palmer, 2-2. HRs—New York, Foster (10), Wilson (3). Montreal, Carter (11).

Second Game

New York 200 400 000—6 10 0
Montreal 000 201 000—3 9 2
Torrez, Leary (7), Orosco (9) and Ortiz; McGaffigan, James (5), Lucas (8) and Ramos. W—Torrez, 1-5. L—McGaffigan, 3-4. HR—Montreal, Carter (12).

Pittsburgh 100 002 020—5 5 0
Philadelphia 021 310 00x—6 12 1
Tudor, Robinson (4) and Pena; Carlton, Andersen (8), Holland (8) and Virgil. W—Carlton, 3-3. L—Tudor, 4-3. HRs—Pittsburgh, Madlock (1). Philadelphia, Wockenfuss 2 (3), Maddox (3), Lezcano (9).

Chicago 000 200 030—5 10 0
St.Louis 000 000 000—0 4 0
Bordi, Smith (8) and Davis; Stuper, Allen (8), Von Ohlen (9) and Porter. W—Bordi, 2-0. L—Stuper, 2-3.

Cincinnati 000 120 000— 3 9 2
San Diego 300 133 20x—12 15 0
Russell, Cato (5), Franco (6), Scherrer (7) and Gulden; Whitson, Lefferts (6) and Kennedy. W—Whitson, 6-3. L—Russell, 2-7. HRs—San Diego, Kennedy (5), Nettles (6).

American League

Seattle 034 000 010—7 12 1
Cleveland 030 000 00x—8 12 2
Langston, Thomas (1), Mirabella (3), Moore (6), Beard (8) and Kearney; Spillner, Frazier (3), Jeffcoat (6), Waddell (7), Camacho (8), Farr (9) and Willard. W—Frazier, 3-2. L—Langston, 3-5. HR—Seattle, Davis (14).

Milwaukee 021 003 000— 6 9 0
Boston 020 414 40x—15 19 1
Gibson, Waits (4), Ladd (6) and Schroeder; Ojeda, Stanley (6) and Gedman, Allenson (8). W—Ojeda, 6-5. L—Gibson, 0-1. HRs—Milwaukee, Clark (2), Cooper (3). Boston, Evans (10), Buckner (2), Easler (10).

Detroit 000 000 000—0 7 0
Baltimore 001 003 00x—4 7 0
Berenguer, Lopez (6), Willis (6) and Castillo; Flanagan and Dempsey. W—Flanagan, 5-4. L—Berenguer, 3-4.

Minnesota 101 010 010—4 9 1
Chicago 200 000 50x—8 9 0
Butcher, Filson (7), Walters (7), Williams (8) and Engle; Hoyt, Barojas (8), Jones (9) and Fisk, Skinner (9). W—Hoyt, 6-5. L—Butcher, 4-4. HR—Chicago, Luzinski (3).

Toronto 000 000 010—1 7 2
New York 000 000 101—2 9 1
Stieb and Martinez; Guidry and Wynegar. W—Guidry, 5-4. L—Stieb, 7-2. HR—New York, Mattingly (8).

Oakland 200 010 000 000—3 6 2
Texas 001 200 000 001—4 11 2
Codiroli, Sorensen (4), Caudill (8), Atherton (12) and Heath; Stewart, Schmidt (12) and Scott. W—Schmidt, 1-3. L—Atherton, 3-3.

California 000 000 040—4 6 0
Kansas City 000 000 010—1 6 2
Romanick, Sanchez (8) and Boone; Black, Beckwith (8) and Wathan, Slaught (9). W—Romanick, 7-5. L—Black, 6-4.

Major League Standings

NATIONAL LEAGUE

EAST	W	L	Pct.	GB
Chicago	31	24	.564	—
Philadelphia	31	24	.564	—
New York	29	23	.558	½
St. Louis	30	29	.508	2
Montreal	27	30	.474	5
Pittsburgh	21	33	.389	9½
WEST				
San Diego	32	23	.582	—
Atlanta	34	25	.576	½
Los Angeles	33	27	.550	2
Cincinnati	28	31	.475	6½
Houston	23	34	.404	10½
San Francisco	19	36	.345	12½

AMERICAN LEAGUE

EAST	W	L	Pct.	GB
Detroit	41	14	.745	—
Toronto	36	20	.643	5½
Baltimore	33	24	.579	9
Boston	28	28	.500	13½
Milwaukee	24	31	.436	17
New York	24	31	.436	17
Cleveland	20	33	.377	20
WEST				
California	31	28	.525	—
Chicago	29	28	.509	1
Kansas City	26	28	.481	2½
Minnesota	27	31	.466	3½
Seattle	27	32	.458	4
Oakland	26	32	.448	4½
Texas	23	35	.397	7½

Transition

BASEBALL
American League

CALIFORNIA—Signed Eric Pappas, catcher, Sherman Corbett and Todd Eggerstein, pitchers, Terry Jones, first baseman, Matt Sexton, shortstop, and Allen Peterson, outfielder.

CHICAGO—Recalled Salome Barojas, pitcher, from Denver of the American Association. Placed Ron Reed, pitcher, on the 15-day disabled list. Signed Antonio Menendez, pitcher, and assigned him to Sarasota of the Gulf Coast League.

MILWAUKEE—Placed Mike Caldwell, pitcher, on 21-day disabled list, retroactive June 4. Reactivated Tom Tellman, pitcher.

NEW YORK—Assigned Frank Shamla, pitcher, to Sarasota of the Gulf Coast League.

TEXAS—Signed Jimmy Meadows, pitcher, and assigned him to Sarasota of the Gulf Coast League.

TORONTO—Signed Pat Saitta, pitcher, and assigned him to Medicine Hat of the Pioneer League.

National League

ATLANTA—Named Johnny Sain minor league pitching coach.

CINCINNATI—Signed Pat Pacillo and Frank Driver, pitchers, Mark Germann, second baseman, Mark Berry, catcher, and Glenn Zielinski, outfielder. Assigned all except Pacillo to Billings of the Pioneer League.

LOS ANGELES—Signed Jeff Edwards, pitcher, and assigned him to Great Falls of the Pioneer League.

NEW YORK—Signed Shawn Abner, outfielder, and assigned him to Kingsport of the Appalachian League.

PHILADELPHIA—Signed Scott Hufford, James Soares, Jimmy Fortenberry, outfielders, Heath Frazier, Guy Horaker, Neil Miller, infielders, Todd Frohwirth, Mike Miller, pitchers, and Roger Johnson, catcher. All have reported to extended spring training camp for further assignment. Placed Len Matuszek, first baseman, on the 21-day disabled list. Recalled Luis Aguayo, infielder, from Portland of the Pacific Coast League.

FOOTBALL
National Football League

BUFFALO—Claimed Zach Valentine, linebacker, on waivers.

NEW ORLEANS—Signed Brian Hansen, punter.

United States Football League

FOOTBALL
United States Football League

DENVER—Placed Elmer Bailey, wide receiver, and Bill Matthews, linebacker, on injured reserve. Signed James Stewart and Derrick Taylor, cornerbacks.

NEW JERSEY—Named Charlie Theokas, formerly vice president of business affairs, as consultant.

OKLAHOMA—Announced the retirement of Mel Gray, wide receiver. Signed Ken McCune, defensive end. Waived Derek Hughes, running back.

PITTSBURGH—Cut Chuck Correal, center, and Jim Taylor, wide receiver. Signed Dennis Johnson, fullback, and Ed McAleney, defensive tackle.

HOCKEY
National Hockey League

EDMONTON—Announced that they will move their Moncton affiliate in the American Hockey League to Halifax, beginning the 1984-85 season.

MONTREAL—Announced that they will share their American Hockey League affiliate in Sherbrooke with Winnipeg, beginning the 1984-85 season.

LOS ANGELES—Acquired Bob Janecyk, goaltender, and a 1984 third-round draft pick, from Chicago. Both clubs switched draft places in the first and fourth rounds.

QUEBEC—Named Guy Lapointe assistant coach.

ST. LOUIS—Acquired Rick Wamsley, goaltender, and 1984 second and third round draft picks from Montreal in exchange for a first round draft pick.

Canada Cup

TEAM CANADA—Announced the resignation of Bill Torrey, general manager.

COLLEGE

DUKE—Announced that Ron Schmid, women's golf coach, has resigned to become director of athletic fund-raising.

EAST CAROLINA—Named Gary Overton head baseball coach.

MIAMI, FLORIDA—Announced the resignation of Tom Olivadotti, defensive coordinator.

OKLAHOMA STATE—Named Pat Jones head football coach.

PURDUE—Named Kathy Gordon assistant women's basketball coach.

UCLA—Named Andre McCarter assistant basketball coach. Named Bill Bennett associate sports information director.

WASHINGTON—Named Clyde Duncan head women's track and field coach.

WILLAMETTE—Named Geoff Petrie interim men's basketball coach.

USFL Standings

EASTERN CONFERENCE

Atlantic	W	L	T	Pct.	PF	PA
y-Philadelphia	15	1	0	.938	438	210
New Jersey	11	4	0	.733	354	274
Pittsburgh	3	12	0	.200	245	371
Washington	2	13	0	.133	221	402
Southern						
x-Birmingham	12	3	0	.800	464	258
x-Tampa Bay	12	4	0	.750	460	312
New Orleans	8	7	0	.533	283	324
Memphis	7	9	0	.438	297	383
Jacksonville	4	12	0	.250	281	436

WESTERN CONFERENCE

Central	W	L	T	Pct.	PF	PA
x-Houston	10	5	0	.667	544	351
Michigan	8	8	0	.500	346	343
Oklahoma	6	9	0	.400	217	385
Chicago	5	10	0	.333	318	372
San Antonio	5	10	0	.333	239	293
Pacific						
Los Angeles	8	7	0	.533	287	309
Arizona	8	8	0	.500	431	274
Denver	8	8	0	.500	329	375
Oakland	7	9	0	.438	216	385

(x-clinched playoff berth)
(y-clinched division title)

Friday's Results
Philadelphia 21, Denver 19
Arizona 45, Jacksonville [illegible]

Saturday's Results
Oakland 20, Michigan 13
Tampa Bay 42, [illegible]

SPORTS

United Press International

Chris Evert Lloyd, left, congratulates Martina Navratilova on her Grand Slam victory.

Lendl Outlasts McEnroe to Capture Title

The Associated Press

PARIS — Ivan Lendl fought back from two sets down to defeat top-seeded John McEnroe, 3-6, 2-6, 6-4, 7-5, 7-5, Sunday and win the men's singles at the French Open tennis championships.

It was the fifth time that Lendl of Czechoslovakia, ranked second in the world, had been to the final of a Grand Slam title. But this time he prevailed, crushing McEnroe's hopes of becoming the first American man to win the singles on the slow red clay courts of Roland Garros Stadium since Tony Trabert successfully defended his title in 1955.

Lendl, known for his stoic demeanor and labeled as a "choke" in the big matches, rose to the occasion, handing McEnroe his first defeat of 1984. And, it was the first time Lendl has beaten the left-hander since January 1983 in the Volvo Masters in New York.

"I'm very happy that I won my first Grand Slam tournament here in Paris," Lendl told the crowd, which booed when McEnroe refused to make a comment after accepting the second-place trophy.

When Lendl left the court, finally victorious, he began vomiting, showing the tension that finally was relieved after so many failures.

Afterwards, facing reporters for the first time as the winner of a

FRENCH OPEN TENNIS

Grand Slam tournament instead of as the defeated finalist, Lendl said: "It feels great finally to answer different questions. . . . I guess it's better just to win this tournament, but once you win it's better to win against someone like McEnroe."

It was at Roland Garros that Lendl reached his first Grand Slam final, losing to Sweden's Bjorn Borg in 1981. He lost to Jimmy Connors in the title match of the U.S. Open in both 1982 and 1983, and Lendl also lost to Mats Wilander of Sweden in last year's Australian Open final.

The grueling four-hour, eight-minute final had the crowd at Roland Garros on their feet on the hot, sunny day — a sharp contrast to the rain that had plagued many of the early rounds.

McEnroe took the first two sets and appeared headed for victory.

The only service break of the opening set came in the sixth game — a game that in which Lendl netted an easy smash. That gave McEnroe a 15-30 lead, and he went on to close out the break with a forehand cross-court volley.

McEnroe, a left-hander, immediately broke Lendl to begin the second set. After he raced through his own service game at love, McEnroe broke Lendl again, this time at 30 — the last two points coming on backhand down-the-line passing shots.

Again McEnroe served a love game, giving him a 4-0 lead, and then held his service the next two times to close out the set.

But Lendl said McEnroe seemed to lose his sharpness after taking the first two sets.

"He was moving slower, he was just giving me a little more space for passing shots," he said. "For the first two sets, John was playing great, serving and volleying well and doing everything. Then he started getting tired and slowly I started winning."

Lendl held serve to begin the third set, the first time in the match he held the lead. He broke McEnroe in the sixth game to take the lead, but McEnroe broke right back.

But when Lendl, a right-hander, broke McEnroe at 40 in the 10th game, he had won the set and begun his march to the title.

Lendl said that his breaking of McEnroe's serve to take a 4-2 lead in the third set was the turning point in the match. "He broke me back but once I had broken him once I knew I could break him again," Lendl said.

With McEnroe leading the fourth set, 3-2, after breaking Lendl, the Czech broke the No. 1 seed in the eighth game. Lendl fought off a break point in the ninth game to hold serve, and evened the match by breaking McEnroe in the 12th game, the final point coming on a perfectly executed forehand lob that caught McEnroe at the net.

It was only the third time in more than 20 years that a French Open men's final went to five sets.

In the decisive fifth set, McEnroe was not up to the challenge presented by the hard-stroking Lendl.

In the seventh game, McEnroe had a double break point at 15-40. But Lendl refused to fold, winning the next four points to hold his own service.

And when he broke McEnroe in the 12th game — the final point coming when McEnroe's forehand volley sailed wide — Lendl finally had his first Grand Slam title.

■ French Win Men's Doubles

Yannick Noah and Henri Leconte achieved the first French triumph in the men's doubles final at the French Open since 1946 by beating Pavel Slozil and Tomas Smid of Czechoslvakia, 6-4, 2-6, 3-6, 6-3, 6-2, on Saturday, Reuters reported.

In the mixed doubles final on Sunday, Dick Stockton and Anne Smith of the United States beat Laurie Warder and Anne Minter of Australia, 6-2, 6-4.

Navratilova Routs Evert for Grand Slam

By Tim Warren
Washington Post Service

PARIS — In the middle of a news conference last week, Martina Navratilova turned to the interpreter and asked for the French translation of "grand slam." Told, "grand chelem" [an approximation of the English phrase], she repeated it softly, as though it were a lyric.

On Saturday, Navratilova made the lyric her own as she defeated Chris Evert Lloyd, 6-3, 6-1, in the French Open final to become the first woman to win the slam since Margaret Smith Court in 1970 and only the third woman in history. The only other woman to win the slam — successive victories in the world's four major tennis tournaments — was Maureen Connolly in 1953. Among the men, only Don Budge in 1938 and Rod Laver in 1962 and 1969 have won the slam.

[On Sunday, Navratilova and fellow American Pam Shriver won the women's doubles title, defeating Claudia Kohde-Kilsch of West Germany and Hana Mandlikova of Czechoslovakia, 5-7, 6-3, 6-2. With the victory Navratilova and Shriver became the only women's doubles pair to achieved a doubles grand slam, and Navratilova is the first person to win a Grand Slam of singles and doubles, United Press International reported.]

Evert, the top women's player before Navratilova's ascendancy the past two years, played well Saturday, but her opponent was brilliant; the match lasted only 63 minutes. Navratilova's net play, as usual, was strong, but she also stayed back and forced Evert into numerous errors off ground strokes.

With the Grand Slam, Navratilova also wins a $1-million bonus from the International Tennis Federation, which two years ago changed the official interpretation of the Grand Slam to include anyone who won the four majors (the French Open, Wimbledon and the U.S. and Australian opens) consecutively. Before, only those who won all the tournaments in the same calendar year were recognized.

"I was in the same situation last year," said Evert, who had won three in a row after taking the championship here. "I think any player nowadays who does it deserves the grand slam. The caliber of play is much higher and there is more depth."

Navratilova admitted she was nervous when the match began, but her play did not show it. She won the first game at love, opening with an ace to Evert's forehand and closing with an emphatic smash that landed in the crowd.

Pushed to 30-30, Evert held service in the next game, passing Navratilova with a good backhand crosscourt and winning as her opponent's backhand slice was long.

Evert's ground strokes were solid, but she had little else to combat Navratilova. Given three break points in the third game, Evert squandered them all.

Evert was broken in the next game, and it was 3-1. "I felt that I could have broken her serve almost every time and that she would have trouble breaking mine," said Navratilova.

Evert was broken five times, Navratilova once.

"I don't think I've ever played a more solid game throughout," Navratilova said. "I didn't make any unforced errors. I stayed back with her at the baseline.

"My drop shots were good. This was a telling point. Because she didn't get the chance to play any drop shots, I put the pressure on her, which was the big difference in the match."

After winning the first set 6-3, Navratilova rolled to a 5-1 lead, breaking Evert at love three straight times. Evert courageously broke back to make it 5-1, holding off two match points, but that only delayed the inevitable. Serving at 40-0, Navratilova met Evert's strong forehand passing shot with a deft forehand volley, then raised both arms in triumph.

"I was searching, but I couldn't find any weaknesses," said Evert, who has lost to Navratilova 11 straight times. "This is probably the best she can play."

The Associated Press

Swale, with Laffit Pincay Jr., aboard, wins Belmont.

Slow Pace Gives Swale Easy Victory at Belmont

By Andrew Beyer
Washington Post Service

NEW YORK — He may be erratic, and he may only be the best of a bad lot of 3-year-olds, but Swale has one invaluable quality: controllable speed.

Saturday he used that speed to dominate the 116th Belmont Stakes. He set a slow pace, keeping comfortably ahead of his pursuers, accelerated when jockey Laffit Pincay Jr. asked him and drew away to a four-length victory in 2 minutes 27 1-5 seconds over longshot Pine Circle, with Morning Bob third.

With Swale's victory, Woody Stephens became only the second trainer to win three straight Belmont Stakes and the first to do it in this century.

"This is great medicine," said Stephens, who has been ill with pneumonia, broken ribs and emphysema. "Swale's just a very honest, hard-running horse. He does everything right, and to find out he can go a mile and a half is kind of nice, too. There's not many questions around him now."

Gate Dancer, who spoiled Swale's chances for a Triple Crown by winning the Preakness, faded to finish sixth Saturday. Angel Cordero, Gate Dancer's rider, said his horse "had no problems, except that the pace was so slow." He added: "The other horses were just galloping. I sat behind them, but he just got bored."

Play On broke out of the gate on top, but jockey Jean-Luc Samyn showed no inclination to use his speed. That enabled Pincay to angle Swale, the 3-to-2 favorite, to the rail and open a one-length lead on the field after the first quarter-mile.

Minstrel Star, a longshot, was sitting second, with Gate Dancer and Play On just behind him. But although they were close, they were not applying any pressure.

Swale reached the three-quarters in 1:15 3-5. Good horses are supposed to have plenty of energy in reserve after a leisurely pace like that, and Swale did. "He was going very easy," Pincay said. "He was very relaxed."

So when Gate Dancer and Play On moved outside him on the turn to challenge, and Morning Bob started to accelerate from farther behind, they made no headway.

Swale opened a commanding lead in midstretch, and all his challengers started to fade. As they did, Pine Circle rallied along the inside to take second place by three lengths over Morning Bob.

"I started picking up speed at the top of the stretch," Pincay said. "I think I cracked the whip once and I hand rode him. He was really strong down the stretch. No problem at all."

Kennedy and Nettles Homer as Padres Win, Move Into First

Compiled by Our Staff From Dispatches

SAN DIEGO — Terry Kennedy hit a three-run homer in the first inning Saturday night and Graig Nettles added a two-run homer in the fifth as the San Diego Padres, with a 15-hit attack, routed the Cincinnati Reds, 12-2.

The victory pushed the Padres into first place in the National League West, one-half game ahead of Atlanta.

Ed Whitson was the beneficiary of the San Diego assault. He pitched 5⅔ innings and improved his record to 6-3, while Craig Lefferts finished for his third save. Jeff Russell (2-7) took the loss.

Kennedy gave the Padres a 3-0 lead in the first with his fifth home run of the season. San Diego added runs in the fourth and fifth before Nettles's homer made it 7-0. Steve Garvey followed with double to extend his hitting streak to 16 games.

Run-scoring singles by Tony Gwynn and Garvey and a sacrifice fly by Nettles accounted for three runs in the sixth, and Kurt Bevacqua and Bobby Brown delivered run-scoring singles for San Diego as pinch hitters in the seventh.

Cincinnati's only runs came in the sixth when Dave Concepcion grounded a two-run single up the middle.

Dodgers 4, Braves 3

In Los Angeles, R.J. Reynolds doubled under Chris Chambliss's glove at first base to drive in two runs in the ninth inning as the Dodgers beat Atlanta, 4-3. Reynolds's double followed a single by Mike Scioscia, a pinch double by Terry Whitfield and an intentional walk to Rick Monday. Steve Bedrosian (4-2) was the loser in relief, while Fernando Valenzuela (6-6) pitched a complete game for the Dodgers, striking out nine.

Giants 6, Astros 5

In San Francisco, Joel Youngblood hit a three-run homer with two out in the ninth to give the Giants a 6-5 victory over Houston. It was Younghlood's fifth homer of the season.

Mets 5, Expos 3
Mets 6, Expos 5

In Montreal, George Foster drove in three runs in the first game and Darryl Strawberry had a two-run single in the second game as New York swept a doubleheader

SATURDAY BASEBALL

from the Expos, 5-3 and 6-5. The Mets extended their winning streak to six games. New York's Jesse Orosco recorded saves in both games and has 12 for the season. Foster and Monkie Wilson homered for the Mets in the opener, and Montreal's Gary Carter had a home run in each game.

Phillies 6, Pirates 5

In Philadelphia, John Wockenfuss hit two home runs and Garry Maddox and Sixto Lezcano each homered to lift the Phillies to a 6-5 victory over Pittsburgh. Steve Carlton (3-3) struck out seven to raise his major-league leading total to 3,779, ahead of Nolan Ryan's 3,758. Al Holland earned his 13th save.

Cubs 5, Cardinals 0

In St. Louis, Rich Bordi and Lee Smith combined on a four-hitter to help Chicago snap the Cardinals' five-game winning streak with a 5-0 victory. Bordi (2-0) also singled in the seventh for his first major-league hit.

Yankees 2, Blue Jays 1

In the American League, in New York, Steve Kemp's two-out double to right-center in the ninth inning scored Dave Winfield from first base as the Yankees edged Toronto, 2-1. Winfield singled to center off Dave Stieb (7-2) before Kemp collected the game-winning hit for the second straight night. Ron Guidry raised his record to 5-4 with his third straight complete-game victory. He allowed seven hits, struck out seven and walked none. Winfield, who had three singles, extended his hitting streak to 16 games.

Orioles 4, Tigers 0

In Baltimore, John Lowenstein, Cal Ripken and Rich Dauer hit run-scoring singles to lead the Orioles to a 4-0 victory over Detroit. Mike Flanagan (5-4) pitched a seven-hitter for his third complete game. He struck out two, walked none and allowed only one runner to get as far as third base.

Red Sox 15, Brewers 6

In Boston, Mike Easler had three hits and knocked in five runs to pace a 19-hit attack and Jim Rice collected his 1,000th career run batted in to pace the Red Sox to a 15-6 rout of Milwaukee.

Indians 8, Mariners 7

In Cleveland, Brett Butler scored one run and singled home another in a six-run first inning and the Indians held on for an 8-7 victory over Seattle. Cleveland, which registered five double plays, has won three straight, while the Mariners have lost five in a row.

White Sox 8, Twins 4

In Chicago, Greg Luzinski's bases-loaded home run — his second in two nights and the seventh of his career — led the White Sox to an 8-4 victory over Minnesota. The triumph was Chicago's fourth straight and the sixth in its last seven games. Luzinski became the 10th player in major-league history to hit a grand slam in consecutive games. Willie Aikens, then with California, last accomplished the feat in 1979.

Rangers 4, A's 3

In Arlington, Texas, Pete O'Brien's bases-loaded sacrifice fly in foul territory with one out in the 12th inning scored Wayne Tolleson to give the Rangers a 4-3 victory over Oakland. Texas loaded the bases off Keith Atherton (3-3), then O'Brien hit a fly that left fielder Gary Hancock caught, then dropped when he learned he was in foul territory. Umpires ruled the play a catch, however, and Tolleson scored easily.

Angels 4, Royals 1

In Kansas City, Missouri, Brian Downing's two-run single highlighted a four-run eighth inning in California's 4-1 victory over the Royals. *(AP, UPI)*

Bird Gets 34 for Celtics As Lakers Fall, 121-103

The Associated Press

BOSTON — Larry Bird had 34 points and 17 rebounds to lead the Boston Celtics to a 121-103 triumph Friday night over the Los Angeles Lakers and a 3-2 lead in the National Basketball Association championship series.

The sixth game of the best-of-seven series was being played Sunday in Inglewood, California. A Boston victory would give the Celtics their 15th NBA title.

Bird hit 15 of his 20 field-goal attempts Friday in his best game of the series. Eleven of his points came in the crucial third period.

NBA FINALS

Maxwell scored all of the Celtics' points during a 13-3 spurt that gave them a 68-56 lead. Maxwell scored eight points in the drive and finished the game with 13.

Nine straight points by the Lakers trimmed Boston's advantage to 68-65 with 6:42 left in the third period. But the Celtics rebuilt the margin to 88-77 when Bird hit a jumper from the corner as the period ended.

Two straight baskets by Bob McAdoo, who had 18 points for the Lakers, cut the deficit to 93-86 with 9:09 left in the game. But that was as close as Los Angeles got. Boston reeled off a 12-1 streak to build a 114-93 lead with four minutes left.

Dennis Johnson added 22 points for the Celtics and Kevin McHale had 19 before fouling out. James Worthy led Los Angeles with 22 points while Kareem Abdul-Jabbar finished with 19.

Scott Wedman, a reserve guard who sustained a hairline fracture of the left fibula in Game 4, was unable to play for the Celtics.

One referee, Hugh Evans, could not work the second half because of dehydration. It was 33 degrees centigrade (92 Fahrenheit) on the court at Boston Garden.

■ GAME 6

LOS ANGELES

	fg	fga	ft	fta	r	a	pf	pts
Worthy	10	17	2	5	3	1	5	22
Rambis	1	2	0	0	9	0	2	2
Abdul-Jbar	7	25	2	6	7	1	2	19
Cooper	3	5	0	0	0	4	5	8
E.Johnson	3	9	4	0	5	13	2	10
Wilkes	1	3	0	0	1	0	2	2
McAdoo	7	12	4	8	2	1	2	18
McGee	3	0	2	4	4	0	4	8
Nater	1	3	4	4	3	0	3	6
Scott	2	6	0	0	0	0	0	4
Sorious	1	1	0	0	2	0	2	2
Kupchak	0	0	2	2	1	0	0	2
Tem Rbnds					12			
Totals	39	91	23	35	49	20	29	103

BOSTON

	fg	fga	ft	fta	r	a	pf	pts
Maxwell	2	4	9	9	4	2	5	13
Bird	15	20	2	4	17	2	4	34
Parish	5	12	3	4	12	2	5	13
D.Johnson	10	20	2	3	2	6	1	22
Henderson	2	9	0	0	1	9	2	4
McHale	5	8	9	10	10	1	6	19
Ainge	2	4	0	2	2	6	3	5
Buckner	2	5	0	0	2	0	2	4
Carr	1	1	3	4	0	0	2	5
Kite	1	2	0	0	0	0	3	2
Clark	0	0	0	0	1	0	0	0
Tem Rbnds					14			
Totals	45	87	28	36	65	26	32	121

Los Angeles	26	27	24	24—103
Boston	26	29	33	33—121

Time: 2:00. Officials: Hoyt, Wolf, Bavetta and Aronin.

Maddox and Garcia Lead Phillies To Sweep of Pirates, First-Place Tie

Compiled by Our Staff From Dispatches

PHILADELPHIA — Garry Maddox hit a two-run homer in the opener and Kiko Garcia went 4-for-4 in the second game Friday night as the Philadelphia Phillies swept a doubleheader from the Pittsburgh Pirates, 5-4 and 2-1.

The victories ended the Phillies' four-game losing streak and moved them into a tie with Chicago for first place in the National League East.

In the first game, Maddox hit a two-strike curve from John Candelaria into the seats in the third inning to put the Phillies ahead, 3-2. Glenn Wilson followed with another homer. Jerry Koosman (5-6) worked 6⅔ innings to record the victory.

Garcia, who had been hitless in seven at-bats this season, started at third base in both games in place of Mike Schmidt, who has a sore wrist. Garcia was 0-for-3 in the first game and said afterward, "I was starting to wonder if I was ever going to get a hit this season."

But in the second game, he had four hits and an RBI in support of the eight-hit pitching of Kevin Gross (2-1), who worked 7⅓ innings. Al Holland finished both games to gain his 11th and 12th saves of the season.

There was some bad news for the Phillies, however. Len Matuszek, the first baseman, sustained a dislocation and double fracture of the middle finger on his right hand while fielding a hard grounder hit by Jason Thompson. Matuszek will be out at least six weeks.

Cardinals 5, Cubs 4

In St. Louis, George Hendrick drew a bases-loaded walk off Tim Stoddard to cap a four-run seventh as the Cardinals defeated Chicago, 5-4.

Expos 4, Mets 1

In Montreal, Ed Lynch (6-1) combined with Doug Sisk on a six-hitter and New York took advantage of four Montreal errors to beat

FRIDAY BASEBALL

the Expos, 4-1. A throwing error by the losing pitcher, Steve Rogers (2-5), helped New York score two runs in the second inning.

Padres 6, Reds 0

In San Diego, Tim Lollar pitched a four-hitter, struck out 12 and drove in two runs to pace the Padres to a 6-0 victory over Cincinnati. The strikeouts were a season high for Lollar (5-4), who pitched his first complete game since last July 19.

Dodgers 5, Braves 3

In Los Angeles, R.J. Reynolds singled in two runs in a three-run seventh inning as the Dodgers beat Atlanta, 5-3, to end the Braves' nine-game winning streak. Ken Landreaux and Mike Marshall homered for the Dodgers, while Dale Murphy and Gerald Perry connected for Atlanta.

Giants 5, Astros 4

In San Francisco, homers by Joel Youngblood, Chili Davis and Jeff Leonard helped the Giants snap a seven-game losing streak with a 5-4 victory over Houston. Earlier, the Giants' manager, Frank Robinson, disciplined his players by raising his fines for mental mistakes from $100 to $1,000, banning music from the clubhouse before and after games, and banning food from the clubhouse after the game.

Indians 4, Mariners 3

In the American League, in Cleveland, George Vukovich hit a bases-loaded triple in a four-run second inning and Steve Comer recorded his victory of the season as the Indians beat Seattle, 4-3.

Red Sox 11, Brewers 3

In Boston, Jim Rice hit two home runs and batted in five runs and Tony Armas also homered as the Red Sox defeated Milwaukee, 11-3.

White Sox 6, Twins 1

In Chicago, Greg Luzinski hit a bases-loaded home run and Floyd Bannister pitched a four-hitter as the White Sox beat Minnesota, 6-1. Luzinski's grand slam came in the first inning off Frank Viola (4-7).

Yankees 4, Blue Jays 3

In New York, Steve Kemp's 11th-inning single, which bounced over the head of the second baseman, Damaso Garcia, scored Dave Winfield from second base to give the Yankees a 4-3 triumph over Toronto. With two out, Winfield singled off Jim Acker (1-3), stole second and scored on Kemp's first game-winning hit of the season.

Tigers 3, Orioles 2

In Baltimore, Howard Johnson doubled home the tying run and scored the winner on a sacrifice fly by Alan Trammell in the seventh as Detroit beat the Orioles, 3-2.

Rangers 8, A's 4

In Arlington, Texas, Pete O'Brien drove in six runs with two doubles and a single and Mickey Rivers scored three runs in the Rangers' 8-4 victory over Oakland. Frank Tanana (6-6) registered his fourth victory in his last six starts. *(AP, UPI)*

SPORTS BRIEFS

Hingsen, Zhu Improve Their Records

MANNHEIM, West Germany (AP) — Jürgen Hingsen collected 8,798 points to set a world record in the decathlon Saturday during the West German Olympic trials. Hingsen, 26, bettered his old mark of 8,779 points, which he set a year ago.

Meanwhile, at an international meet Sunday in Ederstadt, West Germany, Zhu Jianhua of China jumped 2.39 meters (7 feet, 10 inches) to better his own world high jumping record by one centimeter. His set the previous mark in Shanghai on Sept. 22, 1983.

Soccer Suspensions to Be Reviewed

BRUSSELS (UPI) — The Belgian Football Association has agreed to reconsider, by the end of the month, the suspensions of Standard Liège and Waterschei players for their part in a bribery scandal in 1982.

FIFA, world soccer's governing body, ruled last month that the Belgian suspensions would also apply in other member federations, making it impossible for the players to sign with foreign teams. The players' lawyers argued that the penalties were thus far more severe than intended.

Standard players were accused of giving bribes totaling 420,000 Belgian francs (about $8,000) to Waterschei players in 1982 to ensure a victory that gave Standard the national title. Fourteen players from the two teams got suspensions in April ranging from six months to two years.

Beck Keeps Lead in Westchester Golf

HARRISON, New York (AP) — Chip Beck, seeking his first professional victory, shot a third-round 70 Saturday for a one-stroke lead in the Westchester Classic golf tournament.

Beck, who took a two-stroke lead into the round, had an 11-under-par total of 202 on the hilly Westchester Country Club course. Jay Haas moved into second with a 68 for a 203 total. Tied at 204 were Tom Kite, who had a 68 Saturday, and Scott Simpson, who had a 70.

For the Record

South Africa routed a touring English rugby squad Saturday in Johannesburg, 35-9, to sweep a two-game exhibition series that South Africa billed as its triumphant return to world competition. (AP)

Lester Piggott rode Circus Plume to victory over England's 1½-mile Epsom course Saturday in the 206th Oaks Stakes for 3-year-old fillies. Pigott equaled a record by winning his 27th classic. (AP)

Francesco Moser of Italy won the month-long Tour of Italy cycle race Sunday by capturing the 42-kilometer (26-mile) individual time trial from Soave to Verona in 49 minutes, 26 seconds to overtake Laurent Fignon of France. Fignon, the leader before the start of the 22nd and final stage, finished second overall. (UPI)

Enzo Scifo, the Italian-born midfielder for Anderlecht, formally became a Belgian citizen Friday, ending doubts about his eligibility to play for Belgium in the European Championship soccer finals. Scifo, 18, had applied for Belgian citizenship last month. (Reuter)

Canadiens Pick Czech In NHL Draft Surprise

The Associated Press

MONTREAL — The Montreal Canadiens created the most surprises at the National Hockey League's entry draft Saturday.

The Canadiens, picking fifth in the first round, took defenseman Petr Svoboda, 18, of Czechoslovakia. That made Svoboda the highest selected European player ever.

Then Montreal sent backup goalie Rick Wamsley to the St. Louis Blues along with the Canadiens' second and third-round choices and Hartford's second-round pick (which they acquired in 1981 for Pierre Larouche) for the Blues' top pick, No. 8 overall. With that selection, Montreal took center Shayne Corson of Brantford of the Ontario Hockey League.

The only other significant deal involved the Chicago Black Hawks and the Los Angeles Kings.

The Black Hawks sent goalie Bob Janecyk and the sixth pick in the first round to Los Angeles to get the third pick overall. The teams also switched places in the third round.

The Hawks used the Kings' first-round pick to take forward Ed Olczyk of the 1984 U.S. Olympic team. Olczyk is from the Chicago area, and the Hawks had been working on a trade to get him for several weeks.

"It's been in discussion for a long time," said the Kings' general manager, Rogie Vachon. "About eight or nine teams made very good offers" for the No. 3 pick, he said.

The Kings used the pick from Chicago to take defenseman Craig Redmond of Team Canada.

The Canadiens' general manager, Serge Savard, had hinted earlier last week that he might choose Svoboda, who defected from Czechoslovakia last April and had been in West Germany the past few weeks.

Savard said there was no truth to a report that Svoboda had signed a contract to play in West Germany. "He would not be allowed to play for 18 months in Europe by the hockey federations," said Savard. "We did our homework and we got him."

As expected, the Pittsburgh Penguins made center Mario Lemieux of Laval of the Quebec Major Junior Hockey League the first pick in the entry draft, which is held at the same time as the league's summer meetings. Lemieux was Canada's top junior player.

With the No. 2 pick, New Jersey selected center Kirk Muller, who played for the Canadian Olympic team and for Guelph of the Ontario Hockey League.

The Black Hawks then took Olczyk and the Toronto Maple Leafs took another U.S. Olympian, defenseman Al Iafrate.

The first high school player taken in the draft was defenseman David Quinn of Kent, Connecticut, by the Minnesota North Stars.

Quinn, 17, has a scholarship offer to Boston University, but the BU coach, Jack Parker, told him that "if the [pro] offer is right, I'd be stupid not to take it," Quinn said.

But the North Stars' general manager, Lou Nanne, said, "If Quinn wants to go to college, I'm not going to rush him."

In the first round, four Americans were taken, along with one Czechoslovak and a Swede. The rest of the selections were Canadians.

They've Got Hideaways

By Joseph Giovannini
New York Times Service

NEW YORK — As a magician in a family of magicians, Dakota Jackson learned from an early age to make the type of stage furniture in which a woman might be sawed in two. When, in the late 1960s, he decided to apply his skills to making more comfortable and conventional pieces on a commercial basis, the former magician succeeded in transferring an element of magic while eliminating the discomfort. Jackson built furniture with secret compartments that could be opened by movements known only to the person for whom it was designed.

To one custom-made étagère, for example, a secret drawer would glide open when a book with a sensor was placed on a specific shelf. "There was another desk in which the glass slid away when you passed your hand over a certain part," Jackson said. "Unfortunately, I didn't know my client was going to put an electric typewriter on it: the typewriter activated the glass." One desk in the New York furniture maker's current Deadly Weapons series is called the B-1, after the bomber: Like the airplane, whose wings shift in flight, the desk has parts that slide open and unfold, including a secret compartment.

From Egyptian pyramids to Lucrezia Borgia's poison ring, great cunning has always been exercised in making secret rooms and compartments. In this century, everything from bank accounts and safe-deposit vaults to the modernist aesthetic of minimalism has militated against secret places in the home. While in the 19th century, mystery was cultivated as a style and dark wood panels might easily hide a compartment, in this century, clarity in design has, until recently, been the rule. A glass table top over a stainless-steel frame can hide few secrets.

Jackson says that secret compartments disappeared with the highly skilled craftsman at the turn of the century. In addition, a mass-produced desk with a secret drawer would not remain secret for long. "Now, with the reappearance of people doing special furniture," he says, "secret compartments are starting to show up again."

Along with the re-emergence of craft, there have been two other factors behind the reappearance of secret places. Historic preservation of houses and antique furniture reproductions have reintroduced an awareness of hidden passages and compartments. Changes of style in architecture and design during the last 10 years have also produced side effects that have meant a re-emergence of secrecy for some designers.

While Jackson might have been a magician, the Los Angeles architect Charles Moore designs houses with an intentional sense of surprise and discovery, and talks of buildings in terms of their magic. He and his associates have built secret rooms in a number of houses.

In the extensive remodeling of his own home, Mark Simon, a partner in Moore Grover Harper, an Essex, Connecticut, architectural firm, created secret compartments in a square room that he converted into an octagon. By chamfering the corners of the room with swiveling bookcases, he created leftover spaces.

"In my particular case, these compartments are not so secret, since they're the first part of the house I show off; it's where I hide the Christmas presents," Simon says, adding: "When I've made suggestions for a secret compartment for the homes of my clients, most have accepted."

Simon believes secret places have a wide appeal. "People are intrigued by movement," he says, "things that slide and swivel." The mechanical aspect of moving parts is also interesting to Simon, who says, "There are all types of new hardware which lend themselves to secret compartments, like Murphy-bed hardware systems and TV extension chassis."

Especially with the renewed interest in molding and paneling among some architects, there is greater opportunity for building secret compartments. "Any good cabinetmaker can make secret compartments," Simon says.

The Los Angeles architect Robert Yudell of Moore Ruble Yudell admits to designing at least one house with a hidden room, and in his own Santa Monica home has built a movable bookcase in front of the bathroom. "People sometimes wonder where the bathroom is," Yudell says. "Some people have found themselves walking into a closet." He also uses the classic short drawer, in which a hidden space is concealed behind a drawer that appears to be full depth.

At the Baker Furniture Co., there were secrets among the special-order English Stately Home reproductions, particularly in a Queen Anne walnut desk from Howick Hall, made about 1705. The reproduction desk, like the original, has slender document drawers behind what appear to be decorative columns and a sliding panel in the desk's top.

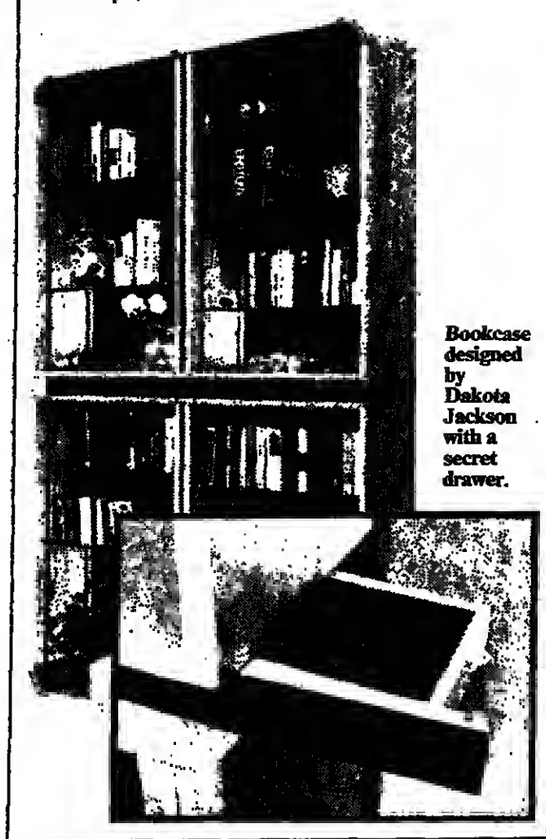
By far the most elaborate secrets at High Point were the antique Indian dowry chests from Gujarat, made from the mid-18th through the early 20th century and shown by the China Lion Collection. In one chest with six compartments, it is necessary to find and open the first compartment and each succeeding compartment to get to the others.

The initial compartment presents perhaps the greatest riddle. It requires opening a complex lock with a key that also unscrews a bolt six inches long. Unscrewing the bolt itself takes six minutes. Beyond the bolt, wire keys must be inserted through two holes to undo three latching mechanisms, which, when done, only leads to a fourth lock. Once this first compartment is open, certain panels can be slid to reveal other locks and switches, for access to compartments No. 2 and 3. The Indian chest is a Chinese puzzle.

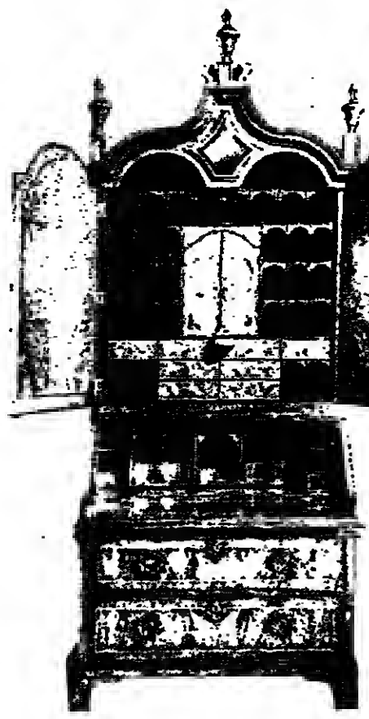
Less complicated, but still crafty, is the glistening plastic facsimile of a head of Boston lettuce that conceals a small glass jar for valuables in its base and is designed to be kept in the crisper of a refrigerator.

There is in the most elaborately concealed places almost a ritual of secrecy, known only to the initiate. Jackson recalls having designed a sequence of secrets leading to a vault in a house: "I did a hidden wall that slides, leading to a hidden room, to a spiral staircase, down to a vault," he says.

"Stories attach themselves to these places," he says. "In one case, both the husband and wife approached me separately to ask me for a secret compartment in a piece of furniture that was to be unknown to the other. I built one compartment for each, side by side."



Bookcase designed by Dakota Jackson with a secret drawer.



Reproduction Queen Anne desk by Baker Furniture Co., with pullout compartments hidden under the desk top.

LANGUAGE

Color Colors Suggestive

By William Safire

WASHINGTON — Every morning, I start out the day with *oatmeal*.

Not the cereal, the color: I set out for work in a cap that is described on the label as "7¼, Oatmeal." I used to think of *oatmeal* as lumpily *gray*; this cap is *ivory*, with touches of brown, like the scratchy little things that fleck my scruffy oatmeal soap. In my pocket is a torn-out ad from Lord & Taylor, seducing me with "a *shirt of red*, royal or white silk and pleated linen trousers in white, oatmeal or black."

Everybody knows that *oatmeal* linen trousers are somewhere between *ivory* and *brown*, but what color is *royal silk*? It must be *blue*, a shortening of *royal blue*, which is lighter and more brilliant than *navy blue*, taken from the British naval uniform, which is a darkly purplish blue, not quite as black as *midnight blue*.

Used to be, colors were named after things in nature, like foods and flowers. Rose was a color — pinkish red — until roses began blooming in a variety of colors.

Those were the simple days of color naming, with *lemon* yellow, *forest* or *emerald* green, and *periwinkle* or *robin's-egg* blue.

How unimaginative. Today, when flowers are used as a referent, the color can be *amaranth*, a genus of plants that includes pigweed, tumbleweed, and the sadists' favorite, love-lies-bleeding; the color described is supposed to be a purplish red. Similarly, Saks Fifth Avenue is advertising an oversized safari jacket, "for summer moves and all-out *pizzazz*," in *colored-up sagebrush*. Sagebrush is a forage plant common in dry, alkaline areas of the Western United States and has a cowboy connotation; the color probably comes from *sage*, of the mint family, usually dark green. (According to a study for Avon cosmetics, flowers sell better than food.)

When *earth tones* became the fashion rage, the plants and creatures of the forest and sea became the base of color naming. Diet-conscious decorators and copywriters, coming back to the office after a seafood salad, came up with *oyster*, similar to the old *pearl gray*, *salmon*, which is slightly pinker than lox, and *shrimp*, not yet listed in the dictionaries as a color but which strikes me as pinkish beige, tilting toward pink, very close to *sand-dune pink* and *warm coral*.

"Earth tones are now dead," declares Ken Charbonneau, chief color man for Benjamin Moore Paints, "and pastels have become very important. Right now, we are dealing in *Garden Pastels & Romantic Whites*, which are pretty, pale, soft colors. Our soft yellow is *jasmin*, a pale feminine blue is *first frost*, an off-white green is *sweetwater*, and our pale lilac is *white sapphire*."

White sapphire? Isn't that gem known for its blueness? "Naming is a form of seduction," explains the paint man. "*Ivory*, about the oldest color, was in 20th place in our sales several years ago. We changed the name to *Oriental silk* in 1973, and in two years it rose to sixth. That name sounds fragile, of course, so it would never do for an exterior paint; outside, you want *Tudor brown* or *Richmond bisque*. Durable-sounding."

Beige, French for the natural color of wool, is rooted in *bambax*, Latin for "cotton." From the cotton base has risen the word *bombast*, meaning "padded oratory." Columnist Mary McGrory asked a health-food-store manager in San Antonio about the possibility of Texas Senator Lloyd Bentsen as a runningmate for Walter Mondale: "Bentsen's beige," was the reply. "So is Mondale, and you don't need two of them."

Not everyone thinks that "earth tones" are dead. The Coach Store, a leather emporium in several cities, advertises *mocha*, a chocolate brown named after an Arabian coffee; *tabac*, with an 1894 origin as "tobacco-colored," and *putty*, named after the mixture of chalk and linseed oil used to fill cracks, which is a more appealing name than, say, *concrete gray*.

The earth tone showing most signs of life is *khaki*, the Hindi word for "dust-colored," which means "dull, yellowish brown." Soldiers are often infuriated when fashion designers confuse *khaki* with *olive drab*, which is greenish brown and especially suitable for camouflage.

The language of color has departed from the constraints of description and entered the realm of poetry. Suggestiveness is all.

New York Times Service

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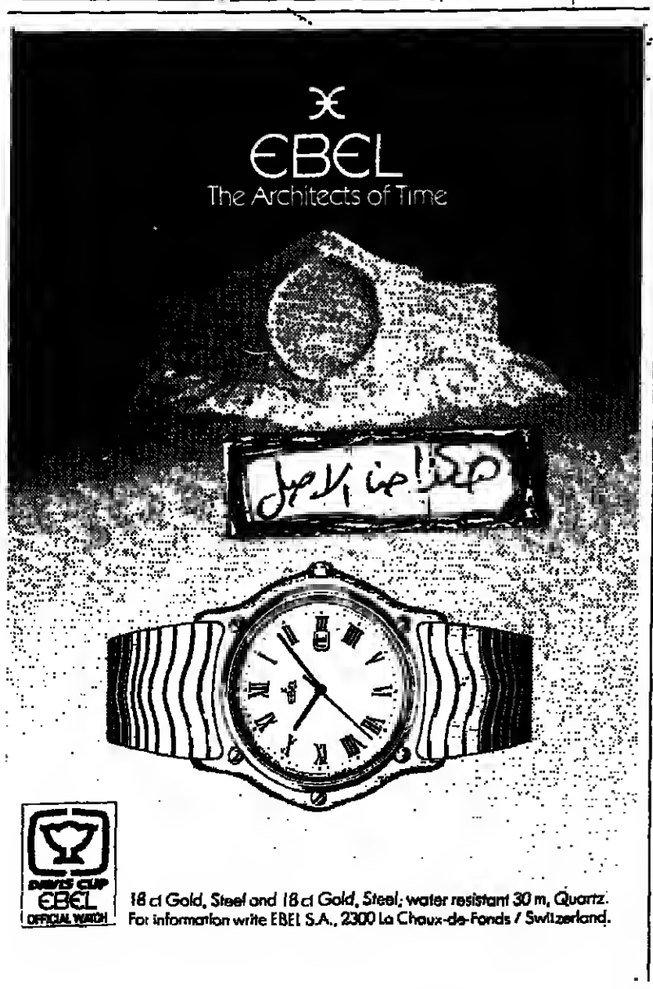

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